

UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF WASHINGTON

In Re	)	
	)	NO. 09-05025
SCHULTZ, Craig R.	)	ADV. NO.
<u>Debtor(s).</u>	)	
VanNoy Culpepper, Trustee	)	COMPLAINT TO DENY DEBTOR'S
Plaintiff,	)	DISCHARGE; TO AVOID
vs.	)	PREFERENTIAL TRANSFER; TO
	)	AVOID FRAUDULENT TRANSFER;
Craig R. Schultz, aka R. Craig Schultz;	)	FOR TURNOVER OF PROPERTY;
Robert and Barbara Schultz, and their	)	FOR TEMPORARY AND
marital community; Roderick Schultz	)	PERMANENT INJUNCTIONS; AND
and Jane Doe Schultz, and their marital	)	FOR OTHER RELIEF
community; Tyler Schultz and Jane Doe	)	
Schultz, and their marital community; Steve	)	
Snyder and Jane Doe Snyder, and	)	
their marital community; Westwood West	)	
Golf Course, Inc., and its subsidiaries	)	
including Schultz Investment Company,	)	
Inc; and Properties West, Inc., and	)	
McAllister Field Industrial Park, LLC.	)	
	)	
Defendants.	)	

COMES NOW VanNoy Culpepper, the Trustee, and hereby alleges and states as follows:

- A. That VanNoy Culpepper is the duly and qualified Trustee in this case.
- B. That this court has jurisdiction over this adversary proceeding pursuant to 28 USC 1334 and 28 USC 157.
- C. The debtor in the main case is Craig R. Schultz, aka R. Craig Schultz who filed for Chapter 7 relief on September 4, 2009.
- D. That Robert Schultz and Barbara Schultz are the parents of the debtor;
- E. That Roderick Schultz and Tyler Schultz are the brothers of the debtor;
- F. That Steven Snyder is a partner of the debtor and is an "insider" as defined by 11 USC 101(31).
- G. Exhibit A to this complaint are true and correct copies of the debtor's Statement of Financial Affairs, and Schedules A, B, C, D & I filed in the main case, and are filed as document #2 in this adversary proceeding, and are hereby incorporated herein.

H. That the actions or omissions of the married defendants, Robert and Barbara Schultz, Roderick and Jane Doe Schultz, Tyler and Jane Doe Schultz, Steve and Jane Doe Snyder, were all done while the parties were married and were for the benefit of the marital community.

CAUSE OF ACTION NO. I  
COMPLAINT TO DENY DEBTOR'S DISCHARGE

Section 727(a)(4). The debtor knowingly and fraudulently in connection with this case made false oaths as follows:

**1.0 The Statement of Financial Affairs Paragraph 1: Income from employment or operation of business:** The debtor stated that he had "none" gross income from employment or operation of the debtor's businesses for the two years immediately preceding the year of filing, and for the year of filing. This statement is false as follows:

**1.1** In 2007, the debtor had \$87,059.00 in wages, consisting of \$63,162.00 from Schultz Construction, LLC and \$23,897.00 from Riverview Manor, as reflected in the debtor's 2007 tax return attached hereto as Exhibit **B**.

**1.2** In 2007, the debtor had \$1,956,440.00 gross income from Schultz Construction, LLC as reflected in debtor's 2007 Schedule C at Exhibit **C** attached hereto.

**1.3** In 2008, the debtor had \$52,607.00 in employment income, consisting of \$28,710.00 from Schultz Construction Company and \$23,897.00 from Riverview Manor as reflected on the W-2's as Exhibit **D** and the first 2 pages of the 2008 tax return at Exhibit **E**.

**1.4** In 2008, the debtor had gross business income from Schultz Construction, LLC of \$2,917,757.00 as reflected in Exhibit **F**.

**1.5** In 2009, the debtor had W-2 employee income of \$23,897.00 from Riverview Manor as reflected on the W-2 at Exhibit **G**.

**1.6** In 2009, the debtor had \$65,589.00 gross income from the operation of his trade or business as indicated at Exhibit **H**.

**2.0 The Statement of Financial Affairs Paragraph 2: Income other than from employment or operation of business for two years preceding filing and for year of filing:** The debtor's statement that he had "none" of such income was knowingly

and intentionally false as follows:

**2.1** In 2007, the debtor had \$286,908.00 in taxable interest reflected at Exhibit B;

**2.2** In 2007, the debtor had \$91,000.00 in ordinary dividends as reflected at Exhibit B;

**2.3** In 2007, the debtor had \$351,617.00 in capital gains as reflected at Exhibit B;

**2.4** In 2007, the debtor had \$49,941.00 in other income as reflected at Exhibit B;

**2.5** In 2008, the debtor had \$277,712.00 in taxable interest as reflected in Exhibit E;

**2.6** In 2008, the debtor had ordinary dividends of \$105,000.00 as reflected in Exhibit E;

**2.7** In 2008, the debtor had \$118,646.00 in capital gains as reflected in Exhibit E;

**2.8** In 2008, the debtor had \$25,250.00 in other income as reflected in Exhibit E;

**2.9** In 2009, the debtor had the following income:

a. From Westwood West Golf Course, Inc. debtor had ordinary income of \$94,143.00, interest income of \$19,624.00, and cash distributions of \$111,200.00 as reflected in Exhibit I.

b. From McAllister Field Industrial Park, LLC debtor had ordinary income of \$18,050.00, interest income of \$2,867.00, net rental income of \$3,613.00, and cash distributions of \$67,000.00 as reflected in Exhibit J.

c. From Schultz-Denlea Holdings, LLC, debtor received rental income of \$43,187.00 and cash distributions of \$70,000.00 as reflected in Exhibit K.

**3.0 The Statement of Financial Affairs Paragraph 3b: Payments or transfers to any creditors made within 90 days preceding the filing of the bankruptcy of more than \$5,475.00:** The debtor's statement that there are "none" of these transfers is knowingly and fraudulently false as follows:

3.1 C. Schultz Personal Investments, R. Craig Schultz personal CRB account number 0611:

After liquidating his personal currency and investment accounts, the debtor paid each of the following creditors amounts in excess of \$5,475.00:

- a. On 6/15/09, Check #7239: \$18,000.00 to the Internal Revenue Service
- b. On 9/3/09, Check #7295: \$22,000.00 to the Internal Revenue Service
- c. On 7/1/09, Check #7249: \$10,000.00 to Ahtanum, LLC
- d. On 7/1/09, Check #7250: \$15,000.00 to Tim Carlson
- e. On 7/21/09, Check #7293: \$19,000.00 to Tim Carlson
- f. On 6/19/09, Check #7242: \$12,000.00 to Alegria & Company
- g. On 7/2/09, Check #7251: \$20,000.00 to Jim Thorp
- h. On 7/1/09, Check #7252: \$6,473 to Gordy Global Venture

From Craig Schultz Properties, LLC Account #2343:

- a. On 7/13/09, Check #9347: \$2,060.47 to Alegria & Company
- b. On 8/3/09, Check #9401: \$8,000.00 to Tim Carlson
- c. On 7/20/09, Check #9348: \$3,510.00 to 939 North 101<sup>st</sup> Street/Jim Thorp

From Columbia River Account #1626:

- a. On 7/20/09, Check #7686: \$6,500.00 to 939 North 101<sup>st</sup> Street/Jim Thorp
- b. In accordance with the 6/30/09 bank statement payments were made of \$27,785.74 to various creditors, none of which have been disclosed or accounted for to the Trustee; and payments of \$85,682.73 were made to creditors of which only the disbursements commencing with check #7682 on 7/13/09 have been accounted for, leaving approximately \$63,000.00 unaccounted for and not disclosed to the Trustee.
- c. All disbursements prior to 7/13/09 are unaccounted for and not reflected on debtor's schedules.

From Personal Account at Yakima National Bank Account #15618:

On 8/21/09 \$55,893.30 to Yakima National Bank

Catholic Credit Union:

In July 2009, the motor home loan in an undisclosed amount was paid by debtor.

Fortune Bank Account #1205:

As reflected at Exhibit L, a payment of \$121,636.49 was made to Bob Jump from this account in June of an unknown year. If this payment was made after June 4, 2009, it was not disclosed in paragraph 3.b of the Statement of Financial Affairs.

Other Disbursements and Accounts:

That the debtor's omissions of payments made and nondisclosure of accounts and of information was knowingly and intentionally done with the intent to withhold information from the Trustee; additional information is being obtained from bank and financial institution accounts, to the extent that said information reveals additional assets and/or disclosure requirements of the Statement of Affairs, said nondisclosures were knowingly and intentionally done as part of a scheme or course of conduct.

**4.0 The Statement of Financial Affairs Paragraph 3c:** The debtor's statement that no payments were made within one year prior to filing for relief "to or for the benefit of creditors who are or were insiders" was knowingly and intentionally false.

4.1 The defendants, Robert and Barbara Schultz, took out two U.S. Bank lines of credit their names in 2003. The lines of credit were taken out for the benefit of the debtor, R. Craig Schultz. This indebtedness was memorialized by a promissory note created October 30, 2008 in the amount of \$320,000.00.

4.2 For the one year immediately preceding the filing, the debtor paid approximately \$12,000.00 for the benefit of Robert and Barbara Schultz on this note, which includes payments identified by the Trustee of \$8,243.31 from September, 2008 through July, 2009, excluding undisclosed transfers in September, 2008, January, 2009, February, 2009, March, 2009 and August, 2009.

4.3 During the year immediately preceding the filing, the debtor paid a debt to or for the benefit of his partner, Steven Snyder the sum of \$22,559.00 by way of payments on the Snyder US Bank Line of Credit or payments directly to Snyder.

**5.0 The Statement of Financial Affairs Paragraph 7:** The debtor's declaration that there were no gifts in excess of \$200.00 made by him within the year prior to filing for relief was knowingly and intentionally false. From September 4, 2008 to September 4, 2009, the debtor made gifts of \$24,000.00 to his parents, Robert and Barbara Schultz, said payments made in quarterly gifts of \$6,000.00 per quarter.

**5.0 The Statement of Financial Affairs Paragraph 9:** Payments made to attorneys for consultation concerning debt consolidation, relief under the bankruptcy law, or preparation of petition: The debtor's statement that no payments were made within a year of filing for relief is knowingly and intentionally false.

5.1 For the 5 months period from March 2, 2009 to August 3, 2009, debtor made payments to Carlson, Boyd & Bailey of \$62,410.00 as follows: From C. Schultz Personal Investments CRB Account #0611:

- a. On 3/2/09, Check #7557: \$2,070.00
- b. On 3/18/09, Check #7570: \$3,849.75
- c. On 3/18/09, Check #7571: \$10,000.00
- d. On 4/21/09, Check #7578: \$4,490.25
- e. On 7/1/09, Check #7250: \$15,000.00
- f. On 7/21/09, Check #7293: \$19,000.00
- g. On 8/3/09, Check #9401: \$8,000.00 (from Craig Schultz Properties CRB Account #2343)

5.2 Said payments of \$62,410.00 were made during the 5 month period from March 2, 2009 to August 3, 2009. To the extent that additional payments were made within one year prior to filing for relief, said additional nondisclosure of payment of legal fees is false.

**6.0 The Statement of Financial Affairs Paragraph 10:** Other Transfers: The debtor's statement that there were no other transfers of any property either absolutely or as security during the 2 years immediately preceding the commencement of the case was knowingly and intentionally false.

6.1 On October 30, 2008, within one year of filing for relief, the debtor pledged his stock in Westwood West Golf Course, Inc., to his father, Robert Schultz for an alleged debt owed to his father; and

6.2 On October 30, 2008, within one year of filing for relief, the debtor pledged his stock in Schultz Investment Company, Inc. to his father, Robert Schultz, for an alleged debt owed to his father; and

6.3 On October 30, 2008, within one year of filing for relief, the debtor pledged his stock in McAllister Field Industrial Park, LLC to his father, Robert Schultz, for an alleged debt owed to his father.

6.4 After taking a personal loan from his partner, Steven Snyder, the debtor assigned as security and gave a deed of trust recorded March 5, 2008 to his partner,

Steven Snyder to the following real estate:

- a. Property located at 2232 So 1<sup>st</sup> Street, Yakima, WA (the lot behind McDonald's);
- b. 702 No 1<sup>st</sup> Avenue, Yakima, WA (the warehouse property presently listed for sale for \$550,000.00);
- c. 217 West Yakima Avenue, Yakima, WA (the Columbia River Bank-American West Bank property);
- d. The debtor's membership interest in Schultz-Denlea Holdings, LLC, which is a 70% ownership in one-half of the Best Western Ahtanum Inn Hotel, the Outback Restaurant site and parking lot located in Union Gap, Washington; and
- e. The Debtor's Janora, Inc. Stock, which is a 70% ownership in Riverview Manor located in Selah, Washington.

6.5 That on July 9, 2008, within 14 months of filing for relief, the debtor transferred all of his ownership interest in Kimco Group, LLC, Zillah Daycare, LLC., and N-K Enterprises, LLC to Charles R. Johnson, aka Chuck Johnson.

6.6 That within 2 years of filing for relief, the debtor transferred and liquidated substantial stocks, bonds and currency assets in amounts to be proven at the time of trial.

6.7 That on July 1, 2009 (60 days before filing for relief), the debtor sold his motorhome for an undisclosed amount to unknown parties and deposited \$56,200.00 into his personal investment account CRB #0611.

6.8 To the extent that other undisclosed property was sold or transferred or pledged as security within two years of filing, the Trustee reserves the right to add these false oaths to this complaint.

6.9 From February 1, 2009 to July 31, 2009, the debtor transferred \$91,000.00 in currency trading to unknown third parties. Said transfer of currency accounts include but are not limited to deposits into the Craig Schultz Personal Investments account #0611 as follows:

- a. 3/13/09 \$15,000.00
- b. 4/01/09 \$35,000.00
- c. 4/21/09 \$10,000.00
- d. 8/16/09 \$15,000.00



- e. 6/22/09     \$ 5,000.00
- f. 7/20/09     \$14,300.00

6.10 From February 1, 2009 to September 4, 2009, the debtor transferred or sold to unknown third parties stocks and bonds of \$321,000.00, the proceeds of which are unaccounted for.

7. **Schedule A Real Property:** Debtor's narrative in Schedule A is knowingly and intentionally false in that debtor not only had "reason to believe" that he had an interest in the cabin, but in fact the debtor is a one-third owner in Cabin No. 11 at Russell Creek White Pass. Attached hereto as Exhibit M1 is a copy of the Bill of Sale dated December 24, 1990 reflecting that the debtor has an undivided one-third interest with his brothers, Roderick Schultz and Tyler Schultz.

7.1 Attached hereto as Exhibit M2 is a copy of the Application for Special Use Permit on file with the US Department of Agriculture Forest Service reflecting the new owner's name and address as Robert Craig Schultz having an undivided one-third interest.

7.2 Said cabin has an assessed value with Yakima County Treasurer's office of \$205,900.00.

8. **Schedule B Personal Property:**

Paragraph 7 Furs and Jewelry: The debtor lists furs and jewelry at \$700.00, but fails to disclose his Rolex watch. Said Rolex watch was sold by the debtor post-petition for \$3,000.00.

Paragraph 9 Life Insurance Policies: The debtor's schedules reflect New York Life Insurance Whole Life Policies of \$8,612.00, \$7,063.00, \$43,000.00, \$738.00, and \$898.00 for total whole life policies of \$60,302.00. The statement in paragraph 9 that each of these policies was "collateral for a loan from Yakima National Bank" is knowingly and intentionally false. On August 21, 2009, two weeks before filing for relief, the debtor paid off these life insurance loans by paying to Yakima National Bank \$55,893.30 from Yakima National Bank Account #15618.

Paragraph 13 Stocks and Interests in Businesses: The debtor's list of stocks does not include his stock in Rogue Valley Water Company, which the debtor valued at \$250,000.00 six months prior to filing.

The debtor's schedules do not reflect ownership in Direct Drill Company, which the debtor valued at \$25,000.00 six months prior to filing.

9. **Paragraph 16: Accounts Receivable:**



9.1 The debtor made a false oath in failing to disclose a personal loan made by the debtor in the amount of not less than \$10,000.00 owed by Robert Pecord, the debtor's investment advisor for his trading accounts. Said receivable included \$5,500.00 loaned to said investment advisor four months prior to filing for relief.

10. Paragraph 21: Contingent and Unliquidated Claims of Every Nature Including Tax Refunds:

The debtor declared zero value and did not disclose potential tax refunds as follows:

10.1 For tax year 2008, the debtor made estimated payments to the Internal Revenue Service of \$80,000.00, including an estimated payment of \$50,000.00 in April of 2009. These estimated payments resulted in a 2008 refund of \$81,851.00 which was not disclosed in debtor's schedules.

10.2 For tax year 2009, the debtor made tax deposits to the Internal Revenue Service of \$53,662.00 resulting in a tax refund of \$2,614.00 which was not disclosed in paragraph 21.

10.3 As a result of net operating losses, the debtor had a 2006 refund of \$67,873.00 which is not disclosed in the schedules.

10.4 Upon discovery that the Trustee had a tax intercept and that the estate was due to receive the tax refunds, the debtor claimed that his activities should be treated as "passive" and that he, individually, was entitled to a \$992,000.00 passive loss carry forward. The debtor provided a false oath by not notifying the Trustee of any potential tax refunds or tax benefits. The debtor knew that he would have tax benefits in the form of refunds or carry forwards available to him for tax years 2008 and 2009.

11. Schedule I Current Income: The debtor's statement that he had "zero" current monthly income is knowingly and intentionally false.

11.1 At the time of filing, for the two years prior to filing, and throughout 2009 and 2010, the debtor has had W-2 employment income from Riverview Manor of \$1,991.42 per month each and every month; and

11.2 Subsequent to filing, the debtor continued to receive substantial sums of rents from real property, dividends from Westwood West Golf Course, Inc., of at least \$66,000.00 received in September 2009, October 2009, November 2009, December 2009, January 2010, and February 2010 (per paragraph 8.1, *infra*); and potential other

entities to be proved at the time of trial.

CAUSE OF ACTION NO. II  
DENIAL OF DISCHARGE PURSUANT TO 11 USC 727(a)(2)(A)&(D)

2.1 The debtor, with intent to hinder, delay, or defraud creditors or the Trustee has transferred, removed, or concealed property of the debtor within one year **before** filing for relief including liquidation of his currency account of \$91,000.00 and liquidation of his stock and bonds accounts of \$321,000.00;

2.2 The debtor, with intent to hinder, delay or defraud creditors or the Trustee on October 30, 2008, within one year for filing for relief, pledged to his father Robert Schultz all of his interest in his stock in Westwood West Golf Course, Inc., Schultz Investment Company, Inc., and McAllister Field Industrial Park, LLC.

2.3 That to the extent that other transfers within one year for filing for relief are discovered, said transfers were made with the intent to hinder, delay or defraud creditors and are reserved by the Trustee until discovered; and

2.4 The debtor, with intent to hinder, delay or defraud creditors transferred and concealed property of the estate **after** the date of filing the petition, to include the following:

- A. \$46,000.00 in dividends paid by Westwood West; and
- B. Substantial sums received by the debtor from September 2009 to date in R. Schultz Craig personal Columbia River Bank (CRB Account #4647), C. Schultz Investment (CRB Account #0611), Craig Schultz Properties (CRB Account #2343), Schultz Construction Company (CRB Account #1623), Craig Schultz personal Yakima National Bank Account #15618, and other accounts to be provided at time of trial, including substantial sums of "cash" received from sources unaccounted for by the debtor.

CAUSE OF ACTION NO. III  
DENIAL OF DISCHARGE PURSUANT TO 11 USC 727(a)(4)(D)

3.1 The debtor has withheld from the Trustee documents, records and papers related to the debtor's property and financial affairs to include but not be limited to the following:

A. Bank accounts, check registers and proof of deposits and receipts for Yakima National Bank personal check account #15618;

B.1. Attached hereto as Exhibit N is a true and correct copy of correspondence dated February 18, 2010 from the Trustee to the debtor's attorney.

B.2 Attached hereto as Exhibit Q is a true and correct copy of the April 27, 2010 response to Exhibit N provided to the Trustee by debtor's attorney.

B.3 The false and misleading information provided to the Trustee at Exhibit Q include answers to the following numerical questions:

Question No. 1. The statement that Mr. Schultz owed his accountants Alegria & Company significant amount of money and therefore the 2008 and 2009 returns were not available was false. The debtor had a credit in excess of \$6,000.00 with Alegria & Company, and when the Trustee subpoenaed the tax returns, they were immediately provided by Alegria & Company.

Question No. 2. The statement that there were "none" federal tax deposits made to the Internal Revenue Service for 2009 was false. The Trustee has discovered 2009 personal tax deposits made to the Internal Revenue Service of \$53,662.00.

Question No. 3. The statement that the debtor had provided "none" personal financial statements since January 1, 2007, was false. The debtor prepared a financial statement in February of 2009 which was later provided to the Trustee under a signature of 2010; and as indicated in the email at Exhibit P, Rob Spitzer, attorney for creditor Covenant Mortgage was provided a financial statement, which has not yet been disclosed or provided to the Trustee by the debtor.

Question No. 8. The statement that Mr. Schultz had no accounts receivables is false. The debtor had an account receivable owed to him by his investment advisor David Pecord, of which \$5,500.00 was loaned to Mr. Pecord within four months of filing for relief.

Question No. 11 The statement that the debtor received "no" monies since September 4, 2009 from any source is false. The debtor received substantial sums from Westwood West Golf Course, Inc., numerous and various rental entities, and extraordinary amounts of unaccounted for cash.

Question No. 13 Although the stock sales, pledges, assignments and encumbrances given between January 1, 2007 and September 4, 2009, have not yet been fully discovered by the Trustee, the debtor transferred at least the following: his interests in the three major family entity stocks to his parents; the transfer of three substantial parcels of real property and all the debtor's interest in Schultz-Denla Holdings, LLC (Best Western-Outback Steakhouse) and Janora, Inc. (Riverview Manor in Selah) to his partner, Steven Snyder; \$91,000.00 currency liquidations; \$231,000.00 stock and bond liquidations and other amounts to be proven at time of trial. The statement to the Trustee that there were "none" is false.

Question No. 16 The statement that the debtor received no monies from any sources from January 1, 2009 to December 31, 2009 is false.

C. The debtor has withheld numerous and various check registers, bank statements, periodic financial account statements, and verification of deposits-receipts and disbursements from many of the 20 accounts listed at Exhibit Q.

3.2 The debtor has provided jumbled, out of sequence, and non-responsive information and data concerning the debtor's financial affairs.

CAUSE OF ACTION NO. IV  
PREFERENTIAL TRANSFER TO PARENTS PURSUANT TO 11 USC 547

4.1 Robert and Barbara Schultz are the parents of the debtor, Craig R. Schultz, and are insiders as defined by 11 USC 547.

4.2. On October 30, 2008, within one year for filing for relief, the debtor executed a stock pledge agreement transferring his stock in Westwood West Golf Course, Inc. to his father, Robert Schultz.

4.3 On October 30, 2008, within one year for filing for relief, the debtor executed a stock pledge agreement transferring his stock in Schultz Investment Company, Inc. to his father, Robert Schultz.

4.4. On October 30, 2008, within one year for filing for relief, the debtor executed a membership unit pledge agreement transferring his membership units in McAllister Field Industrial Park, LLC, to his father, Robert Schultz.

4.5 Said transfers were made within one year for filing for relief to an insider; were made to a creditor for and on account of an antecedent debt; made when the debtor was insolvent; and the effect of such transfer enables Robert Schultz to obtain more than he would received under Chapter 7 if the transfer had not been made.

4.6 The pledging of the stock in Westwood West Golf Course, Inc., Schultz Investment Company, Inc., and McAllister Field Industrial Park, LLC, were preferential transfers pursuant to 11 USC 547 which are avoidable by the Trustee.

4.7 In addition to being preferences as defined by 11 USC 547, the above referenced transfers were fraudulent conveyances as defined by 11 USC 548 and RCW 19.40 et seq.

CAUSE OF ACTION NO. V  
GIFTS TO PARENTS AVOIDABLE PURSUANT TO 11 USC 548

5.1 That for the two years immediately preceding the filing for relief (on September 4, 2009), the debtor, Craig R. Schultz gifted to his parents \$6,000.00 per quarter, for total gifts of \$48,000.00 gifted to Robert and Barbara Schultz.

5.2 That said gifts were fraudulent transfers as defined by 11 USC 548 and RCW 19.40 et seq; are avoidable by the Trustee; and Robert and Barbara Schultz should be ordered to turn over to the Trustee said \$48,000, plus interest.

CAUSE OF ACTION NO. VI  
PAYMENTS MADE FOR THE BENEFIT OF PARENTS ON US BANK LOANS/  
PROMISSORY NOTE: AVOIDABLE PURSUANT TO 11 USC 547

6.1 That within one year prior to filing for relief, the debtor made payments to or for the benefit of his parents, Robert and Barbara Schultz by way of payments to the US Bank line of credit in the parents' names. That said payments were made for or on account of antecedent debt owed to the parents; and enabled the parents to receive more than the parents would receive under a Chapter 7 if the transfers had not been made, and said transfers were preferences as defined by 11 USC 547.

6.2 Said payments include monthly payments made to US Bank by the debtor from September 4, 2008 through September 3, 2009 in the amount of approximately \$12,000.00.

6.3 Said payments of approximately \$12,000.00 were also fraudulent transfers as defined by 11 USC 548 and RCW 19.40 et seq.

CAUSE OF ACTION NO. VII  
FRAUDULENT TRANSFERS OF CORPORATE STOCK AND  
LLC MEMBERSHIP

7.1 At the time of filing for relief, Westwood West Golf Course, Inc., including its subsidiaries Schultz Investment Company, Inc., and Properties West, Inc., was owned one-third by the debtor, Craig Schultz, one-third by Roderick Schultz and one-third by Tyler Schultz.

7.2 At the time of filing for relief, McAllister Field Industrial Park, LLC was

owned one-third by the debtor, Craig Schultz, one-third by Roderick Schultz and one-third by Tyler Schultz.

7.3 That on July 7, 2008, within fourteen months of filing for relief, a new Buy Sell Agreement was executed by the three shareholders of Westwood West Golf Course, Inc., Craig Schultz, Roderick Schultz and Tyler Schultz. That said Buy Sell Agreement changed the previous Buy Sell Agreement which had been established pursuant to the Articles of Incorporation of Westwood West Golf Course, Inc.

7.4 The Articles of Incorporation of Westwood West Golf Course, Inc. provided that the value of the corporate stock should be determined independently by three appraisers, based upon fair market value; and that the corporation would then have the first option to purchase the stock based on its fair market value. The new Buy Sell Agreement executed by the three brothers on July 7, 2008 established a dollar figure of \$2,100,000.00 for the total value of the corporation (\$4,375.00 per share).

7.5 The effect of the new Buy Sell Agreement executed in July of 2008 substantially reduced the value of each share, and effectively allowed the majority of the shareholders, Roderick Schultz and Tyler Schultz, to obtain the stock of the minority shareholder, Craig Schultz at a substantial discount. Reasonably equivalent value was not given for this transfer.

7.6 The execution of the Buy Sell Agreement of Westwood West Golf Course, Inc. on July 7, 2008 was a fraudulent transfer of Craig R. Schultz 1/3<sup>rd</sup> shares, to the extent that that fair market value of said shares exceeds \$4,375.00 per share.

7.7 That the reduction of the price of the stock from its fair market value to \$4,375.00 per share was a fraudulent transfer as defined by 11 USC 548 as follows. Said transfer was made within two years of filing for relief, and:

A. Was made with the actual intent to hinder, delay or defraud creditors of the debtor; OR

B. The debtor received less than reasonably equivalent value in exchange for such transfer; and the transfer was made while the debtor was insolvent, or resulted in the debtor's insolvency; or while the debtor was engaged in business or transactions, or was about to engage in business or transactions for which any property remaining with the debtor was an unreasonably small capital; or the debtor intended to incur or believed the debtor would incur debts beyond his ability to pay the debts as they matured.



Schultz Investment Company, Inc., aka Schultz Investments, Inc.,

7.8 That on July 7, 2008, within fourteen months of filing for relief, a new Buy Sell Agreement was executed by the three shareholders of Schultz Investment Company, Inc., aka Schultz Investments, Inc., Craig Schultz, Roderick Schultz and Tyler Schultz. That said Buy Sell Agreement changed the previous Buy Sell Agreement which had been established pursuant to the Articles of Incorporation of Schultz Investment Company, Inc., aka Schultz Investments, Inc.

7.9 The Articles of Incorporation of Schultz Investment Company, Inc., aka Schultz Investments, Inc. provided that the value of the corporate stock should be determined independently by three appraisers, based upon fair market value; and that the corporation would then have the first option to purchase the stock based on its fair market value. The new Buy Sell Agreement executed by the three brothers on July 7, 2008 established a dollar figure of \$970,000.00 for the total value of the corporation (\$323,333.00 for the 1/3<sup>rd</sup> interest of each brother).

7.10 The effect of the new Buy Sell Agreement executed in July of 2008 substantially reduced the value of each share, and effectively allowed the majority of the shareholders, Roderick Schultz and Tyler Schultz, to obtain the stock of the minority shareholder, Craig Schultz for a substantial discount. Reasonably equivalent value was not given for this transfer.

7.11 The execution of the Buy Sell Agreement of Schultz Investment Company, Inc., aka Schultz Investment, Inc., on July 7, 2008 was a fraudulent transfer of Craig R. Schultz 1/3 shares, to the extent that that fair market value of said shares exceeds the new, discounted value of \$323,333.00.

7.12 That the reduction of the price of the membership units from their fair market value to \$323,333.00 was a fraudulent transfer as defined by 11 USC 548 as follows. Said transfer was made within two years of filing for relief, and

A. Was made with the actual intent to hinder, delay or defraud creditors of the debtor; OR

B. The debtor received less than reasonably equivalent value in exchange for such transfer; and the transfer was made while the debtor was insolvent, or resulted in the debtor's insolvency; or while the debtor was engaged in business or transactions, or was about to engage in business or transactions for which any property remaining with the debtor was an unreasonably small capital; or the debtor intended to incur or believed the debtor would incur debts beyond his ability to pay the debts as



they matured.

McAllister Field Industrial Park, LLC

7.13 That on July 7, 2008, within fourteen months of filing for relief, a new Buy Sell Agreement was executed by the three shareholders of McAllister Field Industrial Park, LLC, Craig Schultz, Roderick Schultz and Tyler Schultz. That said Buy Sell Agreement changed the previous Buy Sell Agreement which had been previously established for McAllister Field Industrial Park, LLC.

7.14 The new Buy Sell Agreement executed by the three brothers on July 7, 2008 established a dollar figure of \$100,000.00 for the total value of the corporation.

7.15 The effect of the new Buy Sell Agreement executed in July of 2008 substantially reduced the value of each share, and effectively allowed the majority of the shareholders, Roderick Schultz and Tyler Schultz, to obtain the stock of the minority shareholder, Craig Schultz for a substantial discount. Reasonably equivalent value was not given for this transfer.

7.16 The execution of the Buy Sell Agreement of McAllister Field Industrial Park, LLC on July 7, 2008 was a fraudulent transfer of Craig R. Schultz 1/3 interest, to the extent that that fair market value of said shares exceeds \$33,333.00.

7.17 That the reduction of the price of the buy-out from its fair market value to \$33,333.00 was a fraudulent transfer as defined by 11 USC 548 as follows. Said transfer was made within two years of filing for relief, and

A. Was made with the actual intent to hinder, delay or defraud creditors of the debtor; OR

B. The debtor received less than reasonably equivalent value in exchange for such transfer; and the transfer was made while the debtor was insolvent, or resulted in the debtor's insolvency; or while the debtor was engaged in business or transactions, or was about to engage in business or transactions for which any property remaining with the debtor was an unreasonably small capital; or the debtor intended to incur or believe the debtor would incur debts beyond his ability to pay the debts as they matured.

CAUSE OF ACTION VIII  
TURNOVER OF ESTATE PROPERTY

8.1 General: Westwood West Golf Course, Inc., has made the following **post-**

**petition** disbursements:

DATE	CRAIG SCHULTZ	RODERICK SCHULTZ	TYLER SCHULTZ	BANKRUPTCY ESTATE
9/2009	\$20,000.00*	\$20,000.00	\$35,000.00	\$-0-
10/2009	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$-0-
11/2009	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$-0-
12/2009	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$-0-
1/2010	\$17,000.00	\$17,000.00	\$32,000.00	\$-0-
2/2010	\$17,000.00	\$17,000.00	\$ 2,000.00	\$-0-
5/2010	\$-0-	\$-0-	\$12,000.00	\$-0-
6/2010	\$-0-	\$16,000.00	\$16,000.00	\$-0-
9/2010	\$-0-	\$16,000.00	\$16,000.00	\$-0-
	\$66,000.00	\$98,000.00	\$125,000.00	\$-0-
	<b>*Less (20,000.00) paid 9/3/10 to Craig</b>			
	\$46,000.00			

8.1b To the extent that other **post-petition** disbursements were made, of which the Trustee is not aware, the Trustee reserves the right to add said post-petition disbursements to this cause of action.

8.1c The following **post-petition** disbursements have been made by McAllister Field Industrial Park, LLC to the following individuals:

DATE	CRAIG SCHULTZ	RODERICK SCHULTZ	TYLER SCHULTZ	BANKRUPTCY ESTATE
9/2009	\$10,000.00*	\$10,000.00	\$10,000.00	\$-0-
6/2010	\$-0-	\$ 3,000.00	\$ 3,000.00	\$-0-
	\$10,000.00	\$13,000.00	\$13,000.00	\$-0-
	<b>*Less (10,000.00) paid 9/3/10 to Craig</b>			
	\$ -0-			

8.1d To the extent that other **post-petition** disbursements were made, of which the Trustee is not aware, the Trustee reserves the right to add said post-petition disbursements to this cause of action.

8.1e The corporation known as Properties West, Inc., a subsidiary of Westwood West Golf Course, Inc., is also owned one-third by Craig Schultz, Roderick Schultz and Tyler Schultz. Said corporation has also wrongfully made **post-petition** disbursements to Craig Schultz as follows:

- i. April 2010.....\$12,529.00 “loan” to Craig Schultz
- ii. July 2010.....\$ 4,620.00 (term life premium paid for Craig Schultz).  
\$17,149.00

8.1f To the extent that other **post-petition** disbursements were made by Properties West, Inc., of which the Trustee is not aware, the Trustee reserves the right to add said **post-petition** disbursements to this cause of action.

8.2 As of September 4, 2009, VanNoy Culpepper, as Trustee for the bankruptcy estate of Craig Schultz held 1/3<sup>rd</sup> of the stock in Westwood West Golf Course, Inc. Roderick Schultz and Tyler Schultz held 1/3<sup>rd</sup> each of the remaining voting shares.

8.3 As of September 4, 2009, VanNoy Culpepper, as Trustee for the bankruptcy estate of Craig Schultz was entitled to receive 1/3<sup>rd</sup> of all dividends and disbursements made to the shareholders. To date, the Trustee has received no disbursements from Westwood West Golf Course, Inc., despite disbursements to other shareholders (or former shareholders) as indicated above.

8.4 Westwood West Golf Course, Inc., and the majority shareholders Roderick Schultz and Tyler Schultz wrongfully disbursed post-petition dividends to Craig Schultz in the amount of \$46,000.00, as reflected in paragraph 8.1 above.

8.5 Said disbursements to Craig Schultz were made without the consent of the bankruptcy Trustee. Said disbursements should have been made to the bankruptcy estate and were property of the bankruptcy estate. Roderick Schultz and Tyler Schultz should be required to turnover to the Trustee said sums wrongfully disbursed to Craig Schultz in the amount of \$46,000.00, or such further amount to be proven at time of trial.

8.6 As of September 4, 2009, VanNoy Culpepper, as Trustee for the bankruptcy estate of Craig Schultz held 1/3<sup>rd</sup> interest in McAllister Field Industrial Park, LLC. Roderick Schultz and Tyler Schultz held 1/3<sup>rd</sup> each of the remaining voting shares.

8.7 As of September 4, 2009, VanNoy Culpepper, as Trustee for the bankruptcy estate of Craig Schultz was entitled to receive 1/3<sup>rd</sup> of all dividends and disbursements made to the shareholders. To date, the Trustee has received no disbursements from McAllister Field Industrial Park, LLC despite disbursements to other shareholders as indicated above.

8.8 Properties West, Inc., and the majority of shareholders Roderick Schultz and Tyler Schultz wrongfully disbursed post-petition dividends and/or loans to Craig Schultz and paid unnecessary term life insurance policy for a non-shareholder to Craig Schultz in the amounts of \$17,149.00 as indicated in paragraph 8.1e above.

8.9 Said disbursements to Craig Schultz were made without the consent of the bankruptcy trustee. Roderick Schultz and Tyler Schultz should be required to turnover to the Trustee said sums wrongfully disbursed to or for the benefit of Craig Schultz in the amount of \$17,149.00, or such further amount to be proven at time of trial.

CAUSE OF ACTION IX  
DISSIPATION OF CORPORATE ASSETS, SHAREHOLDER'S DERIVATIVE  
SUIT, AND REQUEST FOR TURNOVER OF FUNDS

9.1 Turnover to Trustee of wrongfully disbursed funds:

As reflected in paragraph 8.1 above, Roderick Schultz and Tyler Schultz, as majority shareholders in Westwood West Golf Course, Inc., and McAllister Field Industrial Park, LLC have made **post-petition** disbursements of \$46,000.00 to Craig Schultz, who has no interest in these companies. Roderick Schultz, Tyler Schultz, and Westwood West Golf Course, Inc. through its subsidiary Properties West, Inc., (account #3072) have made **post-petition** disbursements to debtor's bankruptcy attorney, Tim Carlson of at least \$63,905.00 as follows:

A. On 9/23/09	\$10,257.00
B. On 10/24/09	\$ 5,058.00
C. On 3/28/10	\$18,978.00
D. On 4/27/10	\$ 3,591.00
E. On 5/14/10	\$ 4,914.00
F. On 7/14/10	\$ 4,077.00
G. On 6/19/10	\$ 6,183.00
H. On 9/20/10	\$ 6,632.00
I. On 10/15/10	\$ <u>4,215.00</u>

**TOTAL            \$63,905.00**

9.2 Westwood West Gold Course, Inc., and Properties West, Inc. derived no benefit from these disbursements to Craig Schultz nor the disbursements to his attorney Tim Carlson. Said disbursements are a dissipation of corporate and/or LLC assets.

9.3 As a 1/3<sup>rd</sup> shareholder in each of said companies, the Trustee has standing to request a return of these funds to the companies and to request an injunction to prohibit any future disbursements to Craig Schultz or his attorneys.

9.4A As a 1/3<sup>rd</sup> shareholder in each of said companies, the Trustee has standing to bring this request, which is in the nature of a derivative proceeding pursuant to RCW 23B.07.400.

9.4B The Trustee has made request upon Westwood West Golf Course, Inc., and McAllister Field Industrial Park, LLC to cease and desist all disbursements for the benefit of Craig Schultz, and to have all future dividends and disbursements made to the bankruptcy estate. Attached hereto as Exhibit **R** is correspondence from the Trustee dated February 16, 2010 to said companies which was sent certified mail and received by Robert Schultz, Tyler Schultz and Roderick Schultz.

9.4C The Plaintiff/Trustee was a shareholder at the time of the transactions which are complained of herein; and this action is not a collusive action to confer jurisdiction upon the court which the court would not otherwise have.

9.5 In addition to the **post-petition** disbursements to Craig Schultz of \$63,149.00 referenced in paragraphs 8.1 and 8.1e which should have been disbursed to the Trustee, all monies disbursed to the debtor's bankruptcy attorney Tim Carlson including but not limited to \$63,905.00 identified in paragraph 9.1 as well as any additional funds disbursed post-petition as may be proved at the time of trial, should be returned by Roderick Schultz and Tyler Schultz to Westwood West Golf Course, Inc.

9.6 Return of wrongfully disbursed funds to company accounts:

As indicated in paragraphs 8.1 and 8.1c above, Roderick Schultz has received \$112,870.00 and Tyler Schultz has received \$142,290.00 from Westwood West Golf Course, Inc., and from McAllister Field Industrial Park, LLC since September 4, 2009. Because an equal amount of funds was not paid to the bankruptcy estate, an equal shareholder with Roderick Schultz and Tyler Schultz, said defendants should either:

- A. Return \$98,000.00 and \$125,000.00 to Westwood West Golf Course, Inc. and each return \$13,000.00 to McAllister Field Industrial Park, LLC; or
- B. Westwood West Golf Course, Inc. and McAllister Field Industrial Park, LLC should disburse an equal amount to the Trustee as has been received by Roderick Schultz and Tyler

Schultz as follows: \$125,000.00 to the Trustee from Westwood West Golf Course, Inc. and \$13,000.00 to the Trustee from McAllister Field Industrial Park, LLC.

9.7 Temporary and Permanent Injunctions:

A. Roderick Schultz and Tyler Schultz, as the majority shareholders, have breached their fiduciary responsibility to the bankruptcy estate, which is a minority shareholder in McAllister Field Industrial Park, LLC and Westwood West Golf Course, Inc. and its subsidiaries Properties West, Inc., and Schultz Investment Company, Inc., as follows:

1. Disbursing dividends, loans and other funds to themselves without disbursing an equal amount to the Trustee; and
2. Disbursing funds to or for the benefit of a non-shareholder, Craig Schultz and his attorney.

B. In order to ensure there is no further dissipation of corporate and LLC assets, and in order to ensure that the bankruptcy estate receives its fair share of dividends and disbursements, a temporary and permanent injunction should be entered prohibiting Roderick Schultz and Tyler Schultz from making any further disbursements to or for the benefit of Craig Schultz or his attorney; and prohibiting said defendants from making any further disbursements to themselves unless an equal disbursement is made to the bankruptcy estate.

CAUSE OF ACTION X  
FRAUDULENT TRANSFERS OF CORPORATE STOCK, LLC, MEMBERSHIP  
AND REAL PROPERTY TO PARTNER STEVEN SNYDER

10.1 In 2008, and at all times referenced in this cause of action, defendants Steven Snyder and Craig Schultz were partners in a partnership known as The Schultz Snyder Partnership, as well as joint owners and/or partners in Westcon Investments, LLC and Westcon Investments, II, LLC.

10.2 In 2008, and at all times referenced in this cause of action number ten, Steven Snyder was an insider as defined by 11 USC 548.

10.3 On March 5, 2008, within eighteen (18) months of filing for Chapter 7 relief, the debtor entered into a transaction with Steven Snyder whereby Steven Snyder loaned the debtor \$1.25 million dollars by way of executing a US Bank line of credit

in said amount. Steven Snyder also transferred and assigned to the debtor a promissory note of approximately \$900,000.00 owed by James W. Thorpe and Thorpe's LLC known as 24<sup>th</sup> Avenue NW, LLC. However, Steven Snyder kept the security interest securing said \$900,000.00 note, transferring only the "paper" to his partner Craig Schultz.

10.4 In return for providing the debtor Craig Schultz a \$1.25 million dollar line of credit, Steven Snyder took back from the debtor a promissory note for \$2.5 million dollars with a default interest rate of 12%.

10.5 On March 5, 2008, Steven Snyder to secure the \$2.5 million dollar note from the debtor, took as collateral the following:

1. Retained a security interest in all of the real property held as collateral for the \$900,000.00 Thorpe Note;
2. A Deed of Trust in the debtor's real property held by Craig Schultz Properties, LLC, 702 North 1<sup>st</sup> Avenue, Yakima, Washington, known as the "Warehouse Building";
3. A Deed of Trust on 217 West Yakima Avenue, Yakima, Washington, known as the "American West Building";
4. A Deed of Trust on 2232 South 1<sup>st</sup> Street, Yakima, Washington, known as the McDonald's lot;
5. The debtor's 70% interest in Schultz-Denla, LLC, which is known as the Best Western Ahtanum Inn and Outback Restaurant site in Union Gap, Washington;
6. The debtor's 70% interest in Janora, Inc., known as the Riverview Manor located in Selah, Washington; and
7. The debtor's interest in Yakima Pacific, LLC, which is wholly owned by Craig Schultz, LLC and Craig Schultz.

10.6 That to the extent that new value was not given, the debtor did not receive reasonably equivalent value for the \$2.5 million dollar note; and this transfer together with the pledging of the debtor's assets should be avoided as a fraudulent transfer as defined by 11 USC 548 as follows. Said transfer was made within two years for filing for relief and:

(A) was made with the actual intent to hinder, delay, or defraud creditors of the debtor; or

(B) the debtor received less than reasonably equivalent value in exchange for such transfer; and the transfer was made while the debtor was insolvent or resulted in the debtor's insolvency; or while the debtor was engaged in business or transactions, or was about to engage in business or



transactions for which any property remaining with the debtor was an unreasonably small capital; or the debtor intended to incur or believed the debtor would incur debts beyond his ability to pay the debts as they matured.

10.7 Said transaction is also a fraudulent conveyance and avoidable pursuant to RCW 19.40 et seq.

CAUSE OF ACTION XI  
DENIAL OF CLAIMED HOMESTEAD EXEMPTION AND SALE OF LOT 11,  
RUSSELL CREEK RECREATIONAL RESIDENTIAL TRACT, WENATCHEE  
NATIONAL FOREST

11.1 In the debtor's "Schedule C Exemptions" reflected at Exhibit A of this complaint, the debtor claimed a homestead exemption of \$1.00 in his interest, if any, in Lot 11, Russell Creek Recreational Residential Tract, Wenatchee National Forest, Yakima, Washington. The Trustee duly objected to the debtor's exemptions, including the homestead exemption, on November 11, 2009.

11.2 As reflected in Exhibits M1 and M2, the debtor has an undivided one-third interest in said Lot 11, which is on forest service land and is allowed as a recreational residence only, wherein the US Department of Agricultural Forest Service issues a "term special use permit for recreational residences" authorizing the owners to occupy the residence as a recreational residence on National Forest Service land.

11.3 The Forest Service regulations and the Special Use Permit issued by the Forest Service specifically provides in subparagraph III.B. as follows:

**"B – Minimum occupancy and prohibition on full time occupancy."** The permitted improvements shall be occupied at least 15 days each year, unless otherwise authorized in writing, but shall not be used as a full time residence. Use of the permitted improvements as a principal place of residence is prohibited and shall be grounds for revocation of this permit."

11.4 The debtor has not occupied the residential cabin as a principal place of residence; and cannot occupy said cabin as his principal residence. The debtor's claimed homestead exemption should be denied.

11.5 Pursuant to 11 USC 541 and 11USC 363, the Trustee is the owner of an undivided one-third interest in said cabin, and is authorized to sell the cabin, distributing one-third of the proceeds to the estate and one-third of the proceeds to

Tyler Schultz and one-third of the proceeds to Roderick Schultz.

11.6 The Trustee requests an order authorizing the sale, and directing Roderick Schultz and Tyler Schultz to cooperate with the Trustee in the sale of the cabin and "all furniture, household goods, appliances, and other items of personal property located in and upon the premises" as reflected in the bill of sale Exhibit M1.

### **RELIEF REQUESTED**

WHEREFORE, the Trustee requests:

A. Relief Against Debtor, Craig R. Schultz:

A.1 That the debtor's discharge be denied pursuant to 11 USC 727(a)(4) for knowingly and fraudulently making false oaths in this case; and

A.2 That the debtor's discharge be denied pursuant to 11 USC 727(a)(2)(A) and (D) for transferring, removing, or concealing property of the debtor within one year **before** filing for relief; and

A.3 That the debtor's discharge be denied pursuant to 11 USC 727(a)(4)(D) for withholding or concealing from the Trustee documents, records, and papers related to the debtor's property and financial affairs during the administration of this estate; and

A.4 That a judgment be entered against the debtor for the bankruptcy estate funds converted **post-petition** by the debtor to his own use including but not limited to monies in bank accounts at date of filing; \$46,000.00 in dividends received from Westwood West Golf Course, Inc.; \$12,524.00 received from Properties West, Inc; all rents collected from lessees on estate property (less actual rental expenses paid by the debtor, if any); \$3,000.00 received from the undisclosed Rolex watch; and other amounts to be proven at the time of trial.

A.5 That a judgment be entered against the debtor for the monetary value of unaccounted for or property which was concealed within one year before filing for relief, in an amount to be proven at time of trial.

B. Relief Against Parents Robert and Barbara Schultz and Their Marital Community:

B.1 That the debtor's pledges on October 30, 2008 to his father Robert Schultz of his one-third stock in Westwood West Golf Course, Inc., Schultz Investment Company, Inc., and McAllister Industrial Park, LLC be avoided as preferential transfers pursuant to 11 USC 547; and

B.2 That the debtor's gifts to his parents, Robert and Barbara Schultz, in the amount of \$48,000.00 within two years of filing for relief be avoided pursuant to 11 UCS 548 and/or RCW 19.40 et seq; and that Robert and Barbara Schultz be directed to turnover to the Trustee \$48,000.00 plus interest; and

B.3 That the payments made (within one year of filing for relief) to and for the benefit of debtor's parents Robert and Barbara Schultz by way of payments to US Bank line of credit in the amount of approximately \$12,000.00 be avoided as preferences pursuant to 11 USC 547; and that Robert and Barbara Schultz be directed to turnover to the Trustee approximately \$12,000.00, or such other amount as shown at the time of trial of the actual payments for their benefit within one year of filing for relief.

C. Relief Against Roderick Schultz and Tyler Schultz, and their Marital Communities:

C.1 That the new Buy Sell Agreements between the debtor Craig Schultz, Roderick Schultz and Tyler Schultz executed on July 7, 2008, for Westwood West Golf Course, Inc., and its subsidiaries Schultz Investment Company, Inc., and Properties West, Inc., together with a Buy Sell Agreement of July 7, 2008 for McAllister Field Industrial Park, LLC be avoided as fraudulent transfers pursuant to 11 USC 548 and/or RCW 19.40 et seq, thereby reinstating the original fair market value Buy Sell Agreements of said companies; and

C.2 That a judgment be entered against Roderick Schultz and Tyler Schultz, individually and against their marital communities in the amount of \$46,000.00 for wrongful disbursement of funds to Craig Schultz from the Westwood West Golf Course, Inc., account, plus statutory interest from date of disbursement or such greater amount as shown at the time of trial; and

C.3 That a judgment be entered against Roderick Schultz and Tyler Schultz individually and against their marital communities in the amount of \$17,149.00 for wrongful disbursement of funds to or for the benefit of Craig Schultz from the Properties West, Inc. account, plus statutory interest from date of disbursement or such greater amount as shown at the time of trial; and

C.4 That a judgment be entered against Roderick Schultz and Tyler Schultz,

individually and against their marital communities in the amount of \$63,905.00 for wrongful disbursements of funds to or for the benefit of Craig Schultz's attorney, plus statutory interest from date of disbursement or such greater amount as shown at the time of trial; and

C.5 That Roderick Schultz and Tyler Schultz, individually and as a marital community be directed to EITHER return \$98,000.00 and \$125,000.00 to Westwood West Golf Course, Inc. respectively, and each return \$13,000.00 to McAllister Field Industrial Park, LLC; OR ALTERNATIVELY that Westwood West Golf Course, Inc., and McAllister Field Industrial Park, LLC be directed to disburse an equal amount to the Trustee as has been received by Roderick Schultz and Tyler Schultz since the debtor filed for relief on September 4, 2009.

D. Relief Against Steven Snyder, and his Marital Community:

D.1 Pursuant to 11 USC 548, or alternatively RCW 19.40 et seq, to the extent that new value was not given and the debtor did not receive reasonably equivalent value for the \$2.5 million dollar note signed in March of 2008, that the transfer of all the properties pledging the indebtedness to Steven Snyder as referenced in Cause of Action X, be set aside and avoided, including but not limited to the pledge of real property, the pledge of the Schultz-Denlea Holdings, LLC ownership, the pledge of the Janora, Inc., ownership, and the pledge of the Yakima Pacific, LLC

E. Relief as Requested as to Russell Creek Cabin:

E.1 That the debtor's claimed homestead exemption in the Russell Creek Cabin as described in paragraph XI. be denied, and that the court enter an order authorizing the sale of said cabin and all furniture, all household goods, appliances, and other items of personal property located in and upon the premises; and directing Roderick Schultz and Tyler Schultz to cooperate with the Trustee in the sale of said property.

F. Injunctive Relief Requested:


F.1 As described in paragraph 9.7, the Trustee requests an immediate temporary injunction and a permanent injunction against Roderick Schultz, Tyler Schultz, Westwood West Golf Course, Inc., and its subsidiaries Properties West, Inc. and Schultz Investment Company, Inc., and McAllister Field Industrial Park, LLC prohibiting any further disbursements to or for the benefit of Craig Schultz or his attorney; and prohibiting said defendants from making any further disbursements to

themselves unless an equal disbursement is made to the bankruptcy estate, except for regular monthly wages paid to Tyler Schultz for operating the business, as verified by monthly wages established historically.

G. Other Relief:

G.1 That the plaintiff be awarded attorney fees, costs and such other relief as the court deems just and proper.

DATED this 22<sup>nd</sup> day of December, 2010.

  
By: /s/ VanNoy Culpepper  
VanNoy Culpepper, WSBA #11565  
Chapter 7 Trustee

RECEIVED

Form

1040

# Subject to Confidentiality and Protective Order Restrictions Trustee Use Only

U.S. Individual Income Tax Return

2007

IRS Use Only - Do not write or staple in this space.

JUL 21 2009

OMB No. 1545-0047

Label (See instructions on page 12.)  Use the IRS label. Otherwise, please print or type.  Presidential Election Campaign	For the year Jan. 1-Dec. 31, 2007, or other tax year beginning	2007, ending	CBB LAW
	Your first name and initial	Last name	Your social security number
	CRAIG	SCHULTZ	4780
	If a joint return, spouse's first name and initial	Last name	Spouse's social security number
	DANA	ELIASON-SCHULTZ	
Home address (number and street). If you have a P.O. box, see page 12.		Apt. no.	You must enter your SSN(s) above.
220 WEST YAKIMA AVENUE			
City, town or post office, state, and ZIP code. If you have a foreign address, see page 12.		Checking a box below will not change your tax or refund.	
YAKIMA, WA 98902			

Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 12) ☐ You ☐ Spouse

**Filing Status**

1 ☐ Single

2 ☒ Married filing jointly (even if only one had income)

3 ☐ Married filing separately. Enter spouse's SSN above and full name here.

4 ☐ Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter this child's name here.

5 ☐ Qualifying widow(er) with dependent child (see page 14)

**Exemptions**

6a ☒ Yourself. If someone can claim you as a dependent, do not check box 6a

b ☒ Spouse

c Dependents:		(2) Dependent's social security number	(3) Dependent's relationship to you	(4) If you are claiming a child tax credit (see page 15)	Boxes checked on 5a and 5b
(1) First name	Last name				2
d Total number of exemptions claimed					Add numbers on lines above
					2

Income	7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	87,059.
	8a	Taxable interest. Attach Schedule B if required	8a	286,908.
	b	Tax-exempt interest. Do not include on line 8a	8b	
	9a	Ordinary dividends. Attach Schedule B if required	9a	91,000.
	b	Qualified dividends (see page 19)	9b	91,000.
	10	Taxable refunds, credits, or offsets of state and local income taxes	10	
	11	Alimony received	11	
	12	Business income or (loss). Attach Schedule C or C-EZ	12	-86,390.
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here	13	351,617.
	14	Other gains or (losses). Attach Form 4797	14	
	15a	IRA distributions	15a	
	b	Taxable amount	15b	
	16a	Pensions and annuities	16a	
	b	Taxable amount	16b	
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	-34,394.
18	Farm income or (loss). Attach Schedule F	18		
19	Unemployment compensation	19		
20a	Social security benefits	20a		
b	Taxable amount (see page 24)	20b		
21	Other income. List type and amount (see page 24)	21	49,941.	
SEE STATEMENT 1				
22	Add the amounts in the far right column for lines 7 through 21. This is your total income	22	745,741.	

Adjusted Gross Income	23	Educator expenses (see page 26)	23	
	24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	
	25	Health savings account deduction. Attach Form 8889	25	
	26	Moving expenses. Attach Form 3903	26	
	27	One-half of self-employment tax. Attach Schedule SE	27	3,529.
	28	Self-employed SEP, SIMPLE, and qualified plans	28	
	29	Self-employed health insurance deduction (see page 26)	29	
	30	Penalty on early withdrawal of savings	30	
	31a	Alimony paid b Recipient's SSN	31a	33,000.
	32	IRA deduction (see page 27)	32	
	33	Student loan interest deduction (see page 30)	33	
	34	Tuition and fees deduction. Attach Form 8917	34	
	35	Domestic production activities deduction. Attach Form 8803	35	
	36	Add lines 23 through 31a and 32 through 35	36	36,529.
	37	Subtract line 36 from line 22. This is your adjusted gross income	37	709,212.

710001  
11-05-07

LHA For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 83.

Form 1040 (2007)

In Re: Craig R. Schultz  
NO. 09-05025-FLK7

Trustee Production 004-042910  
Page 484 of 845

EXHIBIT B



**Tax and Credits**

Standard Deduction for -  
 • People who checked any box on line 39a or 39b or 39c or 39d who can be claimed as a dependent

• All others:  
 Single or Married filing separately, \$5,350

Married filing jointly or Qualifying widow(er), \$10,700

Head of household, \$7,850

38 Amount from line 37 (adjusted gross income) 38 709,212.

39a Check ☐ You were born before January 2, 1943, ☐ Blind. ☐ Spouse was born before January 2, 1943, ☐ Blind. Total boxes checked ... 39a

b If your spouse itemizes on a separate return or you were a dual-status alien, see page 31 and check here ... 39b

40 Itemized deductions (from Schedule A) or your standard deduction (see left margin) 40 209,873.

41 Subtract line 40 from line 38 41 499,339.

42 If line 38 is \$117,300 or less, multiply \$3,400 by the total number of exemptions claimed on line 6d. If line 38 is over \$117,300, see the worksheet on page 33 42 2,266.

43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0- 43 497,073.

44 Tax. Check if any tax is from: a ☐ Form(s) 8814 b ☐ Form 4972 c ☐ Form(s) 8889 44 82,217.

45 Alternative minimum tax. Attach Form 8251 45 4,896.

46 Add lines 44 and 45 46 87,113.

47 Credit for child and dependent care expenses. Attach Form 2441 47

48 Credit for the elderly or the disabled. Attach Schedule R 48

49 Education credits. Attach Form 8863 49

50 Residential energy credits. Attach Form 5695 50

51 Foreign tax credit. Attach Form 1116 if required 51

52 Child tax credit (see page 39). Attach Form 8901 if required 52

53 Retirement savings contributions credit. Attach Form 8880 53

54 Credits from: a ☐ Form 8396 b ☐ Form 8859 c ☐ Form 8839 54

55 Other credits: a ☐ Form 3800 b ☐ Form 8801 c ☐ Form 55

56 Add lines 47 through 55. These are your total credits 56

57 Subtract line 56 from line 46. If line 56 is more than line 46, enter -0- 57 87,113.

**Other Taxes**

58 Self-employment tax. Attach Schedule SE 58 7,057.

59 Unreported social security and Medicare tax from: a ☐ Form 4137 b ☐ Form 8919 59

60 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required 60

61 Advance earned income credit payments from Form(s) W-2, box 9 61

62 Household employment taxes. Attach Schedule H 62

63 Add lines 57 through 62. This is your total tax 63 94,170.

**Payments**

64 Federal income tax withheld from Forms W-2 and 1099 64 11,230.

65 2007 estimated tax payments and amount applied from 2006 return 65

66a Earned income credit (EIC) 66a

b Nontaxable combat pay election 66b

67 Excess social security and tier 1 RRTA tax withheld (see page 59) 67

68 Additional child tax credit. Attach Form 8812 68

69 Amount paid with request for extension to file (see page 59) 69 75,000.

70 Payments from: a ☐ Form 2439 b ☐ Form 4136 c ☐ Form 8885 70

71 Refundable credit for prior year minimum tax from Form 8801, line 27 71

72 Add lines 64, 65, 66a, and 67 through 71. These are your total payments 72 86,230.

Direct deposit? See page 59 and (b) in 74b, 74c, and 74d, or Form 8888.

73 If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid 73

74a Amount of line 73 you want refunded to you. If Form 8888 is attached, check here 74a

b Amount of line 73 you want applied to your 2008 estimated tax 74b

75 Amount you owe. Subtract line 72 from line 63. For details on how to pay, see page 60 75

**Amount You Owe**

76 Estimated tax penalty (see page 61) 76 3,095.

**Third Party Designee**

Do you want to allow another person to discuss this return with the IRS (see page 61)? ☒ Yes. Complete the following. ☐ No

**Sign Here**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and in the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature Date Your occupation Daytime phone number

Spouse's signature, if a joint return, both must sign. Date Spouse's occupation

CONSTRUCTION

**Paid Preparer's Use Only**

Preparer's signature Date Check if self-employed Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code EIN Phone no.

ALEGRIA & COMPANY, P.S. 91 0856953

601 NORTH 39TH AVENUE (509) 575-1065

YAKIMA, WASHINGTON 98902

In Re: Craig R. Schultz  
 NO. 09-05025-FLK7

Trustee Production 004-042910  
 Page 485 of 845



Name of proprietor  
**CRAIG SCHULTZ**  
Social security number (SSN)  
**4780**  
A Principal business or profession, including product or service (see page C-2)  
**CONSTRUCTION**  
B Enter code from pages C-8, D, & 10  
**236200**  
C Business name. If no separate business name, leave blank.  
**SCHULTZ CONSTRUCTION LLC**  
D Employer ID number (EIN), if any  
**20-2079880**  
E Business address (including suite or room no.)  
City, town or post office, state, and ZIP code  
F Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☒ Other (specify) **COMPLETED CONTRACT**  
G Did you "materially participate" in the operation of this business during 2007? If "No," see page C-3 for limit on losses ☒ Yes ☐ No  
H If you started or acquired this business during 2007, check here ☐

Part I Income  
1 Gross receipts or sales. Caution. If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see page C-3 and check here ☐ 1 **1,956,440.**  
2 Returns and allowances 2  
3 Subtract line 2 from line 1 3 **1,956,440.**  
4 Cost of goods sold (from line 42 on page 2) 4 **1,594,699.**  
5 Gross profit. Subtract line 4 from line 3 5 **361,741.**  
6 Other income, including federal and state gasoline or fuel tax credit or refund (see page C-3) **SEE STATEMENT 11** 6 **20,321.**  
7 Gross income. Add lines 5 and 6 7 **382,062.**

Part II Expenses. Enter expenses for business use of your home only on line 30.  
8 Advertising 8 **580.** 18 Office expense 18  
9 Car and truck expenses (see page C-4) 9 **11,639.** 19 Pension and profit-sharing plans 19  
10 Commissions and fees 10 20 Rent or lease (see page C-5):  
11 Contract labor (see page C-4) 11 a Vehicles, machinery, and equipment 20a  
12 Depletion 12 b Other business property 20b  
13 Depreciation and section 179 expense deduction (not included in Part III) (see page C-4) **STMT 10** 13 **6,052.** 21 Repairs and maintenance 21 **3,986.**  
14 Employee benefit programs (other than on line 19) 14 22 Supplies (not included in Part III) 22  
15 Insurance (other than health) 15 **73,814.** 23 Taxes and licenses 23 **66,623.**  
16 Interest 16 a Travel 24a  
a Mortgage (paid to banks, etc.) 16a b Deductible meals and entertainment (see page C-6) 24b  
b Other 16b **28,312.** 25 Utilities 25 **3,552.**  
17 Legal and professional services 17 **44,344.** 26 Wages (less employment credits) 26 **192,125.**  
27 Other expenses (from line 48 on page 2) 27 **37,425.**  
28 Total expenses before expenses for business use of home. Add lines 8 through 27 in columns 28 **468,452.**  
29 Tentative profit (loss). Subtract line 28 from line 7 29 **-86,390.**  
30 Expenses for business use of your home. Attach Form 8829 30  
31 Net profit or (loss). Subtract line 30 from line 29. 31 **-86,390.**  
If a profit, enter on both Form 1040, line 12, and Schedule SE, line 2 or on Form 1040NR, line 19 (statutory employees, see page C-7). Estates and trusts, enter on Form 1041, line 3.  
If a loss, you must go to line 32.  
32 If you have a loss, check the box that describes your investment in this activity (see page C-7).  
If you checked 32a, enter the loss on both Form 1040, line 12, and Schedule SE, line 2 or on Form 1040NR, line 13 (statutory employees, see page C-7). Estates and trusts, enter on Form 1041, line 3.  
If you checked 32b, you must attach Form 6198. Your loss may be limited.  
32a ☒ All investment is at risk.  
32b ☐ Some investment is not at risk.

LHA For Paperwork Reduction Act Notice, see page C-8 of the Instructions.

Schedule C (Form 1040) 2007

720001 11-05-07

12

11060604 In Re: Craig B. Schultz 2007.07080 SCHULTZ, CRAIG 76105 1  
NO. 09-05025-FLK7 Page 490 of 845

EXHIBIT C

a Employee's SSI -4780		b Employer identification number (EIN) 20-2079880		OMB No. 1545-0008	
c Employer's name, address, and ZIP code SCHULTZ CONSTRUCTION COMPANY 702 N 1ST AVE STE B YAKIMA WA 98902-2121		1 Wgs, tips, other comp 28710.00	2 Fed inc tax withheld 5095.00	3 Social security wages 28710.00	<b>Form W-2</b> <b>Wage and Tax Statement</b> <b>2008</b> Copy B To Be Filed with Employee's FEDERAL Tax Return This information is being furnished to the Internal Revenue Service.
d Control number		4 SS tax withheld 1780.00	5 Medicare wages & tips 28710.00	6 Medicare tax withheld 416.30	
e Employee's name, address, and ZIP code CRAIG R SCHULTZ 220 W. YAKIMA AVE. YAKIMA WA 98902		7 Social security tips	8 Allocated tips	9 Advance EIC payment	
10 Depndt care benefits		11 Nonqualified plans	12a	12b	
13 Statutory employee <input type="checkbox"/>		14 Other	12c	12d	
15 State Employer's state ID number		16 State wages, tips, etc	17 State income tax	18 Local wages, tips, etc	19 Local income tax
					20 Locality name

QBMMW2B2C 11/20/08

Department of the Treasury — IRS

a Employee's social security number -4780		OMB No. 1545-0008				This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.	
b Employer identification number (EIN) 91-1324131		1 Wages, tips, other compensation 23897.12	2 Federal income tax withheld	3 Social security wages 23897.12	4 Social security tax withheld 1481.62	5 Medicare wages and tips 23897.12	6 Medicare tax withheld 346.51
c Employer's name, address, and ZIP code RIVERVIEW MANOR 555 E. GOODLANDER ROAD SELAH, WA 98942		7 Social security tips	8 Allocated tips	9 Advance EIC payment	10 Dependent care benefits		
d Control number SCHULTZCR		11 Nonqualified plans		12a See instructions for box 12			
e Employee's name, address, city and ZIP code CRAIG R SCHULTZ 702 n 1st AVE #B YAKIMA, WA 98902		13 Statutory employee <input checked="" type="checkbox"/>	14 Other	12b	12c	12d	
15 State WA	Employer's state ID number 600 613 138	16 State wages, tips, etc	17 State income tax	18 Local wages, tips, etc	19 Local income tax	20 Locality name	

Form **W-2** Wage and Tax Statement  
 Copy C—For EMPLOYEE'S RECORDS (See Notice to Employee on the back of Copy B.) or Copy 2 to be Filed With Employee's State, City or Local Income Tax Return

2008

Department of the Treasury—Internal Revenue Service

Safe, accurate, FAST! Use **efile**  
 Printed on Recycled Paper FORM 5203

EXHIBIT D

For the year Jan. 1-Dec. 31, 2008, or other tax year beginning 2008, ending 20

OMB No. 1545-0074

**Label** (See instructions on page 14.) Use the IRS label. Otherwise, please print or type.

**Presidential Election Campaign** Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 14) ☐ You ☐ Spouse

**Filing Status**

1 ☐ Single

2 ☒ Married filing jointly (even if only one had income)

3 ☐ Married filing separately. Enter spouse's SSN above and full name here.

4 ☐ Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter this child's name here.

5 ☐ Qualifying widow(er) with dependent child (see page 16)

**Exemptions**

6a ☒ Yourself. If someone can claim you as a dependent, do not check box 6a

b ☒ Spouse

c Dependents:

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> If qualifying child for child tax credit (see page 17)

d Total number of exemptions claimed 2

**Income**

7 Wages, salaries, tips, etc. Attach Form(s) W-2 58,607.

8a Taxable interest. Attach Schedule B if required 277,712.

b Tax-exempt interest. Do not include on line 8a 8b

9a Ordinary dividends. Attach Schedule B if required 105,000.

b Qualified dividends (see page 21) 9b 105,000.

10 Taxable refunds, credits, or offsets of state and local income taxes

11 Alimony received

12 Business income or (loss). Attach Schedule C or C-EZ -43,708.

13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ☐ 118,646.

14 Other gains or (losses). Attach Form 4797

15a IRA distributions 15a 15b

16a Pensions and annuities 16a 16b

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E -744,330.

18 Farm income or (loss). Attach Schedule F

19 Unemployment compensation

20a Social security benefits 20a 20b

b Taxable amount (see page 26)

21 Other income. List type and amount (see page 28) 25,250. 21 25,250.

VINEYARDS PROPERTY LLC

22 Add the amounts in the far right column for lines 7 through 21. This is your total income -202,823.

**Adjusted Gross Income**

23 Educator expenses (see page 28) 23

24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ 24

25 Health savings account deduction. Attach Form 8889 25

26 Moving expenses. Attach Form 3903 26

27 One-half of self-employment tax. Attach Schedule SE 1,784. 27

28 Self-employed SEP, SIMPLE, and qualified plans 28

29 Self-employed health insurance deduction (see page 29) 29

30 Penalty on early withdrawal of savings 30

31a Alimony paid b Recipient's SSN 31a

32 IRA deduction (see page 30) 32

33 Student loan interest deduction (see page 33) 33

34 Tuition and fees deduction. Attach Form 8917 34

35 Domestic production activities deduction. Attach Form 8903 35

36 Add lines 23 through 31a and 32 through 35 1,784. 36

37 Subtract line 36 from line 22. This is your adjusted gross -204,607. 37

## Tax and Credits

Standard Deduction for:

- People who checked any box on line 39a, 39b, or 39c or who can be claimed as a dependent.

All others:

- Single or Married filing separately, \$5,450
- Married filing jointly or Qualifying widow(er), \$10,900
- Head of household, \$8,000

38	Amount from line 37 (adjusted gross income)	38	-204,607.
39a	Check <input type="checkbox"/> You were born before January 2, 1944, <input type="checkbox"/> Blind. <input type="checkbox"/> Spouse was born before January 2, 1944, <input type="checkbox"/> Blind. Total boxes checked <input type="checkbox"/> 39a		
b	If your spouse itemizes on a separate return or you were a dual-status alien, see page 34 and check here <input type="checkbox"/> 39b		
c	Check if standard deduction includes real estate taxes or disaster loss (see page 34) <input type="checkbox"/> 39c		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	247,050.
41	Subtract line 40 from line 38	41	-451,657.
42	If line 38 is over \$119,975, or you provided housing to a Midwestern displaced individual, see page 36. Otherwise, multiply \$3,500 by the total number of exemptions claimed on line 6d	42	7,000.
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	0.
44	Tax. Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	44	0.
45	Alternative minimum tax. Attach Form 6251	45	
46	Add lines 44 and 45	46	0.
47	Foreign tax credit. Attach Form 1116 if required	47	
48	Credit for child and dependent care expenses. Attach Form 2441	48	
49	Credit for the elderly or the disabled. Attach Schedule R	49	
50	Education credits. Attach Form 8863	50	
51	Retirement savings contributions credit. Attach Form 8880	51	
52	Child tax credit (see page 42). Attach Form 8901 if required	52	
53	Credits from Form: a <input type="checkbox"/> 8396 b <input type="checkbox"/> 8839 c <input type="checkbox"/> 5695	53	
54	Other credits from Form: a <input checked="" type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	54	
55	Add lines 47 through 54. These are your total credits	55	
56	Subtract line 55 from line 46. If line 55 is more than line 46, enter -0-	56	0.
57	Self-employment tax. Attach Schedule SE	57	3,568.
58	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	58	
59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59	
60	Additional taxes: a <input type="checkbox"/> AEIC payments b <input type="checkbox"/> Household employment taxes. Attach Schedule H	60	
61	Add lines 56 through 60. This is your total tax	61	3,568.

## Other Taxes

## Payments

If you have a qualifying child, attach Schedule EIC.

62	Federal income tax withheld from Forms W-2 and 1099	62	5,419.
63	2008 estimated tax payments and amount applied from 2007 return	63	
64a	Earned income credit (EIC)	64a	
b	Nontaxable combat pay election <input type="checkbox"/> 64b		
65	Excess social security and tier 1 RRTA tax withheld (see page 61)	65	
66	Additional child tax credit. Attach Form 8812	66	
67	Amount paid with request for extension to file (see page 61)	67	50,000.
68	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> 4136 c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885	68	
69	First-time homebuyer credit. Attach Form 5405	69	
70	Recovery rebate credit (see worksheet on pages 62 and 63)	70	
71	Add lines 62 through 70. These are your total payments	71	55,419.

## Refund

Direct deposit? See page 63 and fill in 73b, 73c, and 73d, or Form 8888.

72	If line 71 is more than line 61, subtract line 61 from line 71. This is the amount you overpaid	72	51,851.
73a	Amount of line 72 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/> 73a	73a	51,851.
b	Routing number <input type="checkbox"/> c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Account number <input type="checkbox"/>		
74	Amount of line 72 you want applied to your 2009 estimated tax	74	
75	Amount you owe. Subtract line 71 from line 61. For details on how to pay, see page 65	75	
76	Estimated tax penalty (see page 65)	76	

## Third Party

## Designee

Do you want to allow another person to discuss this return with the IRS (see page 66)? ☒ Yes. Complete the following. ☐ No

## Sign

## Here

## Joint return?

## See page 15.

## Keep a copy

## for your

## records.

Preparer's name	PREPARED	Phone no.		Personal identification number (PIN)	
Your signature	Date	Your occupation	CONSTRUCTION	Daytime phone number	
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation			

## Paid

## Preparer's

## Use Only

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP code	810002 11-10-08	Preparer's EIN	Phone no.
ALEGRIA & COMPANY, P.S.		91-0856953	(509) 575-1065
601 NORTH 39TH AVENUE			
YAKIMA, WASHINGTON 98902			

**SCHEDULE C**  
**(Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)

**Profit or Loss From Business**

(Sole Proprietorship)

Partnerships, joint ventures, etc., generally must file Form 1065 or 1065-B.  
Attach to Form 1040, 1040NR, or 1041. See Instructions for Schedule C (Form 1040).

OMB No. 1545-0074

**2008**

Attachment  
Sequence No. 09

Name of proprietor

**CRAIG SCHULTZ**

Social security number (SSN)

4780

A Principal business or profession, including product or service (see page C-3)

**CONSTRUCTION**

B Enter code from pages C-9, 10, & 11

236200

C Business name. If no separate business name, leave blank.

**SCHULTZ CONSTRUCTION LLC**

D Employer ID number (EIN), if any

20-2079880

E Business address (including suite or room no.)

City, town or post office, state, and ZIP code

F Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☒ Other (specify) **COMPLETED CONTRACT**

G Did you "materially participate" in the operation of this business during 2008? If "No," see page C-4 for limit on losses ☒ Yes ☐ No

H If you started or acquired this business during 2008, check here ☐

**Part I Income**

1	Gross receipts or sales. Caution. See page C-4 and check the box if: • This income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, or • You are a member of a qualified joint venture reporting only rental real estate income not subject to self-employment tax. Also see page C-4 for limit on losses.	<input type="checkbox"/>	1	2,917,757.
2	Returns and allowances		2	
3	Subtract line 2 from line 1		3	2,917,757.
4	Cost of goods sold (from line 42 on page 2)		4	2,576,112.
5	Gross profit. Subtract line 4 from line 3		5	341,645.
6	Other income, including federal and state gasoline or fuel tax credit or refund (see page C-4) <b>SEE STATEMENT 6</b>		6	26,133.
7	Gross income. Add lines 5 and 6		7	367,778.

**Part II Expenses.** Enter expenses for business use of your home only on line 30.

8	Advertising	8	267.	18	Office expense	18	
9	Car and truck expenses (see page C-5)	9	13,972.	19	Pension and profit-sharing plans	19	
10	Commissions and fees	10		20	Rent or lease (see page C-6):		
11	Contract labor (see page C-5)	11		a	Vehicles, machinery, and equipment	20a	
12	Depletion	12		b	Other business property	20b	
13	Depreciation and section 179 expense deduction (not included in Part III) (see page C-5) <b>STMT 5</b>	13	62.	21	Repairs and maintenance	21	444.
14	Employee benefit programs (other than on line 19)	14		22	Supplies (not included in Part III)	22	
15	Insurance (other than health)	15	43,657.	23	Taxes and licenses	23	90,340.
16	Interest:			24	Travel, meals, and entertainment:		
a	Mortgage (paid to banks, etc.)	16a		a	Travel	24a	
b	Other	16b	13,168.	b	Deductible meals and entertainment (see page C-7)	24b	
17	Legal and professional services	17	12,617.	25	Utilities	25	4,273.
28	Total expenses before expenses for business use of home. Add lines 8 through 27			26	Wages (less employment credits)	26	205,212.
29	Tentative profit or (loss). Subtract line 28 from line 7			27	Other expenses (from line 48 on page 2)	27	27,474.
30	Expenses for business use of your home. Attach Form 8829						
31	Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Form 1040, line 12, and Schedule SE, line 2, or on Form 1040NR, line 13 (if you checked the box on line 1, see page C-7). Estates and trusts, enter on Form 1041, line 3. • If a loss, you must go to line 32.						
32	If you have a loss, check the box that describes your investment in this activity (see page C-8). • If you checked 32a, enter the loss on both Form 1040, line 12, and Schedule SE, line 2, or on Form 1040NR, line 13 (if you checked the box on line 1, see the line 31 instructions on page C-7). Estates and trusts, enter on Form 1041, line 3. • If you checked 32b, you must attach Form 8198. Your loss may be limited.						
				31		31	-43,708.
				32a	<input checked="" type="checkbox"/> All investment is at risk.		
				32b	<input type="checkbox"/> Some investment is not at risk.		

LHA For Paperwork Reduction Act Notice, see page C-9 of the Instructions.

**EXHIBIT F**

Schedule C (Form 1040) 2008

832001 11-20-08



a Employee's social security number <b>-4780</b>		OMB No. 1545-0008		This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.	
b Employer identification number (EIN) <b>91-1324131</b>		1 Wages, tips, other compensation <b>23897.11</b>		2 Federal income tax withheld <b>1</b>	
c Employer's name, address, and ZIP code <b>RIVERVIEW MANOR 555 E. GOODLANDER ROAD SELAH, WA 98942</b>		3 Social security wages <b>23897.11</b>		4 Social security tax withheld <b>1481.62</b> ✓	
		5 Medicare wages and tips <b>23897.11</b>		6 Medicare tax withheld <b>346.51</b> ✓	
d Control number <b>SCHULTZCR</b>		7 Social security tips		8 Allocated tips	
e Employee's name, address, city and ZIP code <b>CRAIG R SCHULTZ</b> Suff.		9 Advance EIC payment		10 Dependent care benefits	
702 N. 1st AVE SUITE B YAKIMA, WA 98901		11 Nonqualified plans		12a See instructions for box 12	
		13 Salaried employee <input checked="" type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b	
		14 Other		12c	
				12d	
15 State Employer's state ID number <b>WA 600 613 138</b>		16 State wages, tips, etc.		17 State income tax	
		18 Local wages, tips, etc.		19 Local income tax	
				20 Locality name	

Form **W-2** Wage and Tax Statement  
 Copy C—For EMPLOYEE'S RECORDS (See Notice to Employee on the back of Copy B.) or Copy 2 to be Filed With Employee's State, City or Local Income Tax Return

**2009**

Department of the Treasury—Internal Revenue Service  
 Safe, accurate,  
 FAST! Use **IRS e-file**

**EXHIBIT G**

# Profit or Loss From Business

(Sole Proprietorship)

Partnerships, joint ventures, etc., generally must file Form 1065 or 1065-B.  
Attach to Form 1040, 1040NR, or 1041. See instructions for Schedule C (Form 1040).

OMB No. 1545-0074

**2009**

Attachment  
Sequence No. 09

Name of proprietor

**CRAIG SCHULTZ**

Social security number (SSN)

-4780

A Principal business or profession, including product or service (see page C-2)

B Enter code from pages C-9, 10, & 11

236200

C Business name. If no separate business name, leave blank.

D Employer ID number (EIN), if any

E Business address (including suite or room no.)  
City, town or post office, state, and ZIP code

F Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify)

G Did you "materially participate" in the operation of this business during 2009? If "No," see page C-3 for limit on losses

☒ Yes ☐ No

H If you started or acquired this business during 2009, check here

## Part I Income

1 Gross receipts or sales. **Caution.** See page C-4 and check the box if:

• This income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, or

• You are a member of a qualified joint venture reporting only rental real estate income not subject to self-employment tax. Also see page C-3 for limit on losses.

1 65,589.

2 Returns and allowances

2

3 Subtract line 2 from line 1

3 65,589.

4 Cost of goods sold (from line 42 on page 2)

4

5 Gross profit. Subtract line 4 from line 3

5 65,589.

6 Other income, including federal and state gasoline or fuel tax credit or refund (see page C-4)

6

7 Gross income. Add lines 5 and 6

7 65,589.

## Part II Expenses. Enter expenses for business use of your home only on line 30.

8 Advertising

8

18 Office expense

18

9 Car and truck expenses  
(see page C-4)

9

19 Pension and profit-sharing plans

19

10 Commissions and fees

10

20 Rent or lease (see page C-6):

20

11 Contract labor

11

a Vehicles, machinery, and equipment

20a

(see page C-4)

11

b Other business property

20b

12 Depletion

12

21 Repairs and maintenance

21

13 Depreciation and section 179  
expense deduction (not included in  
Part III) (see page C-5)

13 30,259.

22 Supplies (not included in Part III)

22

23 Taxes and licenses

23

24 Travel, meals, and entertainment:

24

14 Employee benefit programs (other  
than on line 19)

14

a Travel

24a

15 Insurance (other than health)

15

b Deductible meals and  
entertainment (see page C-6)

24b

16 Interest:

16

25 Utilities

25

a Mortgage (paid to banks, etc.)

16a

26 Wages (less employment credits)

26

b Other

16b

27 Other expenses (from line 48 on  
page 2)

27

17 Legal and professional  
services

17

28 Total expenses before expenses for business use of home. Add lines 8 through 27

28 30,259.

29 Tentative profit or (loss). Subtract line 28 from line 7

29 35,330.

30 Expenses for business use of your home. Attach Form 8829

30

31 Net profit or (loss). Subtract line 30 from line 29.

31 35,330.

• If a profit, enter on both Form 1040, line 12, and Schedule SE, line 2, or on Form 1040NR, line 13 (if you checked the box on line 1, see page C-7). Estates and trusts, enter on Form 1041, line 3.

• If a loss, you must go to line 32.

32 If you have a loss, check the box that describes your investment in this activity (see page C-7).

• If you checked 32a, enter the loss on both Form 1040, line 12, and Schedule SE, line 2, or on Form 1040NR, line 13 (if you checked the box on line 1, see the line 31 instructions on page C-7). Estates and trusts, enter on Form 1041, line 3.

• If you checked 32b, you must attach Form 8198. Your loss may be limited.

32a ☐ All investment  
is at risk.

32b ☐ Some investment  
is not at risk.

LHA For Paperwork Reduction Act Notice, see page C-9 of the instructions.

Schedule C (Form 1040) 2009

920001 10-22-09

**EXHIBIT H**

11010929 784848 76105

2009.04010

76105 2



Schedule K-1  
(Form 1120S)

2009

☐ Final K-1☐ Amended K-1

OMB No. 1545-0130

Department of the Treasury  
Internal Revenue ServiceFor calendar year 2009, or tax  
year beginning \_\_\_\_\_  
ending \_\_\_\_\_**Shareholder's Share of Income, Deductions,  
Credits, etc.** ▶ See separate instructions.**Part I Information About the Corporation**A Corporation's employer identification number  
91-0820571

B Corporation's name, address, city, state, and ZIP code

WESTWOOD WEST GOLF COURSE, INC.  
414 CHERRY RIDGE CT  
YAKIMA, WA 98908C IRS Center where corporation filed return  
E-FILE**Part II Information About the Shareholder**D Shareholder's identifying number  
38-6918517

E Shareholder's name, address, city, state and ZIP code

VANNOY CULPEPPER, TRUSTEE FOR THE  
BANKRUPTCY ESTATE OF CRAIG SCHULTZ  
3908 CREEKSIDE LOOP  
YAKIMA, WA 98902F Shareholder's percentage of stock  
ownership for tax year \_\_\_\_\_

33.333334%

**Part III Shareholder's Share of Current Year Income,  
Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	18	Credits
	94,143.		
2	Net rental real estate inc (loss)		
3	Other net rental income (loss)		
4	Interest income		
	19,624.		
5a	Ordinary dividends		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured sec 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative min tax (AMT) items
		A	-552.
11	Section 179 deduction	16	Items affecting shareholder basis
		C*	6,107.
12	Other deductions	D	111,200.
	350.		
		17	Other information
		A	19,624.

EXHIBIT I

\*See attached statement for additional information.

Schedule K-1  
(Form 1065)

2009

☐ Final K-1☐ Amended K-1

OMB No. 1545-0099

Department of the Treasury  
Internal Revenue Service

For calendar year 2009, or tax

year beginning

ending

Partner's Share of Income, Deductions,  
Credits, etc.

▶ See separate instructions.

**Part III Partner's Share of Current Year Income,  
Deductions, Credits, and Other Items**

1 Ordinary business income (loss)	15 Credits
18,050.	
2 Net rental real estate income (loss)	16 Foreign transactions
3,613.	
3 Other net rental income (loss)	
4 Guaranteed payments	
5 Interest income	
2,867.	
6a Ordinary dividends	17 Alternative min tax (AMT) items
6b Qualified dividends	
7 Royalties	18 Tax-exempt income and nondeductible expenses
8 Net short-term capital gain (loss)	
9a Net long-term capital gain (loss)	
9b Collectibles (28%) gain (loss)	19 Distributions
	A 67,000.
9c Unrecaptured sec 1250 gain	20 Other information
	A 2,867.
10 Net section 1231 gain (loss)	
11 Other income (loss)	
12 Section 179 deduction	
13 Other deductions	
14 Self-employment earnings (loss)	

\* See attached statement for additional information.

For IRS Use Only

**Part I Information About the Partnership**

A Partnership's employer identification number  
91-1975945

B Partnership's name, address, city, state, and ZIP code  
MCALLISTER FIELD INDUSTRIAL PARK L.L.C.  
414 CHERRY RIDGE COURT  
YAKIMA, WA 98908

C IRS Center where partnership filed return  
OGDEN, UT

D ☐ Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

E Partner's identifying number  
38-6918517

F Partner's name, address, city, state, and ZIP code  
VANNOY COLPEPPER, TRUSTEE FOR THE  
BANKRUPTCY ESTATE OF CRAIG SCHULTZ  
220 WEST YAKIMA AVENUE  
YAKIMA, WA 98902

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I What type of entity is this partner? ESTATE

J Partner's share of profit, loss, and capital:

	Beginning	Ending
Profit	33.3330000%	33.3330000%
Loss	33.3330000%	33.3330000%
Capital	33.3330000%	33.3330000%

K Partner's share of liabilities at year end:

Nonrecourse	\$	
Qualified nonrecourse financing	\$	432,737.
Recourse	\$	287,554.

L Partner's capital account analysis:

Beginning capital account	\$	-148,530.
Capital contributed during the year	\$	
Current year increase (decrease)	\$	24,530.
Withdrawals & distributions	\$	67,000.
Ending capital account	\$	-191,000.

☒ Tax basis ☐ GAAP ☐ Section 704(b) book

☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?  
☐ Yes ☒ No

If "Yes", attach statement (see instructions)

EXHIBIT J

Schedule K-1  
(Form 1065)

For calendar year 2009, or tax

**2009**☐ Final K-1☐ Amended K-1

OMB No. 1545-0099

Department of the Treasury  
Internal Revenue Serviceyear beginning \_\_\_\_\_  
ending \_\_\_\_\_**Partner's Share of Income, Deductions,  
Credits, etc.**

▶ See separate instructions.

**Part I Information About the Partnership**

A Partnership's employer identification number

91-1727852

B Partnership's name, address, city, state, and ZIP code

SCHULTZ - DENLEA HOLDINGS, L.L.C.  
DBA: BEST WESTERN AHTANUM INN  
145 WEST HIGHWAY 22  
PROSSER, WA 99350

C IRS Center where partnership filed return

OGDEN, UT

D ☐ Check if this is a publicly traded partnership (PTP)**Part II Information About the Partner**

E Partner's identifying number

-4780

F Partner's name, address, city, state, and ZIP code

R. CRAIG SCHULTZ  
702 NORTH 1ST AVE #B  
YAKIMA, WA 98902G ☐ General partner or LLC

member-manager

☒ Limited partner or other LLC

member

H ☒ Domestic partner☐ Foreign partnerI What type of entity is this partner? INDIVIDUAL

J Partner's share of profit, loss, and capital

	Beginning	Ending
Profit	70.0000000%	70.0000000%
Loss	70.0000000%	70.0000000%
Capital	70.0000000%	70.0000000%

K Partner's share of liabilities at year end:

Nonrecourse	\$	71,352.
Qualified nonrecourse financing	\$	
Recourse	\$	1,779,397.

L Partner's capital account analysis:

Beginning capital account	\$	-153,066.
Capital contributed during the year	\$	
Current year increase (decrease)	\$	-23,503.
Withdrawals & distributions	\$	70,000.
Ending capital account	\$	-246,569.

☒ Tax basis☐ GAAP☐ Section 704(b) book☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?

☐ Yes☒ No

If "Yes", attach statement (see instructions)

**Part III Partner's Share of Current Year Income,  
Deductions, Credits, and Other Items**

1 Ordinary business income (loss)

-64,823.

15 Credits

2 Net rental real estate income (loss)

43,187.

16 Foreign transactions

3 Other net rental income (loss)

4 Guaranteed payments

5 Interest income

6a Ordinary dividends

6b Qualified dividends

17 Alternative min tax (AMT) items

A 1,931.

7 Royalties

8 Net short-term capital gain (loss)

18 Tax-exempt income and

nondeductible expenses

C\* 198.

9a Net long-term capital gain (loss)

9b Collectibles (28%) gain (loss)

19 Distributions

A 70,000.

9c Unrecaptured sec 1250 gain

10 Net section 1231 gain (loss)

11 Other income (loss)

12 Section 179 deduction

13 Other deductions

A 1,669.

14 Self-employment earnings (loss)

A 0.

\*See attached statement for additional information.

For IRS Use Only

For Use Only *Future Bank*

2009 Cheating Act:  
completed to

the payoff to Bob Jump from the Fortune Bank Loan

**Trustee Production 011-111210**  
**Page 3254 of 3303**

NO. 09-05025-FLK7



# Chicago Title Insurance Company

FILED FOR RECORD AT REQUEST OF

**COPY**

WHEN RECORDED RETURN TO

Name

Address

City

Law Offices of  
LYON, BEAULAUQUIER, WEIGAND, SUKO & GUSTAFSON  
Lyon Law Offices - 222 North Third Street  
P. O. Box 1689  
Yakima, Washington 98907

COUNTY EXCISE TAX

DATE 2-4-91

PAID \$ 1.00

REC. NO. 252422

BY [Signature]

THIS SPACE PROVIDED FOR RECORDER'S USE

RECORDED

MAR 1 1991

CE

## BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS: That we, ROBERT H. SCHULTZ and BARBARA R. SCHULTZ, HUSBAND AND WIFE, of Yakima County of Yakima, State of Washington, the parties of the first part, for and in consideration of the sum of LOVE AND AFFECTION FOR OUR SONS, ROBERT CRAIG SCHULTZ, RODERICK HAROLD SCHULTZ and TYLER RAYMOND SCHULTZ, each ~~ENDEX~~ as to an undivided one-third interest, the parties of the second part, ~~do hereby~~ do by these presents grant, bargain, sell and deliver unto the said parties of the second part, the following described personal property now located at in the City of Naches, County of Yakima and State of Washington, to-wit:

Lot 11, RUSSELL CREEK RECREATIONAL RESIDENCE TRACT, Wenatchee National Forest, Yakima County, Washington. TOGETHER WITH all furniture, household goods, appliances and other items of personal property presently located in or upon said premises.

SUBJECT TO the indebtedness owing thereon, if any, payable to Edna Mercer.

TO HAVE AND TO HOLD the same to the said parties of the second part, their heirs, executors, administrators and assigns forever. And said parties of the first part, for themselves, their heirs, executors, administrators, covenant and agree to and with the said parties of the second part, their executors, administrators and assigns, that said parties of the first part are the owners of the said property, goods and chattels and have good right and full authority to sell the same, and that they will warrant and defend the sale hereby made unto the said parties of the second part, their executors, administrators and assigns, against all and every person or persons, whomsoever, lawfully claiming or to claim the same,

IN WITNESS WHEREOF, The said parties of the first part have hereunto set their hand and signed this 24th day of December, 1990.

Robert H. Schultz

(SEAL)

Barbara R. Schultz

(SEAL)

(SEAL)

(SEAL)

STATE OF WASHINGTON }  
COUNTY OF Yakima } ss.

On this day personally appeared before me ROBERT H. SCHULTZ and BARBARA R. SCHULTZ, husband and wife, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 24th day of December, 1990.

Notary Public in and for the State of Wash.

STATE OF WASHINGTON }  
COUNTY OF } ss.

On this day of 19 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared

to me known to be the Secretary, of

the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

Witness my hand and official seal above written.

Notary Public in and for the State of Wash.

EXHIBIT M - 1

Subject to Confidentiality and Protective Order Restrictions-Trustee Use Only

Trustee Production 004-042910  
Page 744 of 845



1907 BASE FEE 560

## REQUEST FOR TERMINATION OF AND APPLICATION FOR SPECIAL USE PERMIT

(Ref: FSM 2716)

This form is authorized by the Organic Act of June 4, 1897 for the purpose of evaluating the requested actions and no permit may be issued unless this form is completed.

### PART I - REQUEST FOR TERMINATION (To be completed by Permittee)

TO: FOREST SUPERVISOR WENATCHEE NATIONAL FOREST

I (WE), THE UNDERSIGNED PERMITTEE(S) UNDER THAT CERTAIN SPECIAL USE PERMIT, DATED 12-14 1980

AUTHORIZING ME (US) TO use of lot 11 Russell Creek Recreation Area  
Wash HAVE

(CONVEYED ALL MY (OUR) RIGHT, TITLE, AND INTEREST IN AND TO THE IMPROVEMENTS LOCATED ON THE PARCEL COVERED BY SAID PERMIT.)

XXX

~~IF ENTERED INTO A CONTRACT FOR THE SALE OF THE LAND COVERED BY THIS PERMIT, THE PERMITTEE(S) SHALL BE RESPONSIBLE FOR THE PAYMENT OF THE TRANSFER FEE AND FOR THE COST OF THE NEW PERMIT.~~

NEW OWNER'S NAME & ADDRESS

ROBERT CRAIG SCHULTZ, RODERICK HAROLD SCHULTZ and TYLER RAYMOND SCHULTZ,  
each as to an undivided one-third (NAME OR NAMES)

(ADDRESS)

ACCORDINGLY, I (WE) REQUEST THAT SAID SPECIAL-USE PERMIT BE TERMINATED, THE REMAINING BALANCE OF ANY FEES PREVIOUSLY PAID SHOULD BE CREDITED TO THE APPLICANT NAMED BELOW.

DATE: December 24, 1990

PREVIOUS OWNER'S SIGNATURE

\*STRIKE OUT INAPPLICABLE ALTERNATIVES

Robert H. Schultz  
Barbara R. Schultz  
(SIGNATURES OF ALL PERMITTEES LISTED ON PERMIT)

### PART II - APPLICATION (To be completed by Applicant)

APPLICATION IS HEREBY MADE FOR A SPECIAL-USE PERMIT TO COVER THE SAME PARCEL OF LAND COVERED BY THE PERMIT REFERRED TO IN THE ABOVE REQUEST, AND FOR THE SAME PURPOSE OF SAID PERMIT, SUBJECT, HOWEVER, TO SUCH NEW CONDITIONS AND STIPULATIONS AS THE CIRCUMSTANCES MAY WARRANT.

I (WE) ACKNOWLEDGE THAT WHEN A NEW PERMIT IS ISSUED, A TRANSFER FEE OF \$ 25.00 IS CHARGED. IT WILL BE INCLUDED IN THE INITIAL PAYMENT FOR THE NEW PERMIT.

DATE: December 24, 1990

NEW OWNER'S SIGNATURE BY

ROBERT CRAIG SCHULTZ, RODERICK HAROLD SCHULTZ  
and TYLER RAYMOND SCHULTZ, each an undivided 1/3  
Robert Craig Schultz  
(TYPE IN NAMES OF PROPOSED PERMITTEES)

404 Chisholm Trail, Yakima, WA 98908  
(SIGNATURE)  
(ADDRESS)

(Over)

FS-2700-3a (2/82)

EXHIBIT M -2



LAW OFFICES  
OF  
VAN CULDEPPER

Suite 125  
3908 Creekside Loop  
Yakima, Washington 98902

Telephone (509) 457-2490

Fax (509) 457-7197

Dated: 2/18/10

Timothy Carlson  
Carlson Boyd & Bailey  
230 South 2<sup>nd</sup> Street  
Suite 202  
Yakima, WA 98901

Re: Craig Schultz additional personal information needed

Dear Tim:

Obviously, I will be conducting a 2004 Examination of Mr. Schultz. However, I need the following information prior to my examination.

1. Personal income tax returns and schedules for 2007, 2008 and 2009;
2. A list of all federal tax deposits made to the IRS for 2009 (toward Craig's personal taxes), including amounts and dates of deposits;
3. Any and all financial statements given to any financial institution from January 1, 2007 to date;
4. A brief description of the "Schultz-Synder Partnership" listed on page 2 of Schedule B;
5. All Yakima National Bank notes, security agreements and documents including documents showing the security interest in the life insurance policies and the perfection thereof;
6. A copy of all the declaration pages and proof of the cash value of the life insurance policies listed in the schedules;
7. Per page 4 of Schedule B, question no. 10, a list of all "Annuities";
8. Per page 5 of Schedule B, question no. 16, a list of all "Accounts Receivable";
9. The whereabouts of the 2007 Jeep Wrangler and the status of the loan against the Wrangler;
10. On Page 6 of Schedule B, question no. 28, 29 and 35, a list of the office equipment, machinery, equipment, supplies, etc., referenced in those paragraphs;
11. A list of all monies received by your client since September 4, 2009 including the "rental income of entities owed by the debtor" referenced in Schedule I;
12. The ownership document and/or lease regarding the forest service cabin;
13. A list of all sales, pledges, assignments, encumbrances or any other transfer of any and all stocks, LLC interests, or any other business or personal interests in any property transferred by Mr. Schultz from January 1, 2007 to date;

EXHIBIT   N

14. A list of all construction tools and equipment owed by your client at anytime during the last 2 years (from January 1, 2008);
15. All personal banking account statements to which the debtor had signature authority or to which the debtor deposited monies from September 1, 2008 through January 31, 2010;
16. A list of all monies received by the debtor from all sources from January 1, 2009 through December 31, 2009. Please provide the amount and dates received, as well as the source of the funds, and the reason for receipt of those funds.

Thank you for your prompt attention to this matter.

Very truly yours,



VanNoy Culpepper

VNC:kar

cc: James Hurley

LAW OFFICES OF  
230 S. 2<sup>ND</sup> STREET, SUITE 202  
YAKIMA, WASHINGTON  
98901

TELEPHONE:  
509-834-6611

EMAIL:  
tcarlson@cbbllawfirm.com

FACSIMILE:  
509-834-6610



TIMOTHY J. CARLSON  
TCARLSON@CBBLLAWFIRM.COM

April 27, 2010

VanNoy Culpepper  
Attorney at Law  
3908 Creekside Loop, Suite 125  
Yakima, WA 98902

RE: Craig Schultz

Dear Van:

This is in response to your letter dated February 18, 2010 requesting numerous documents from my client. Attached you will find the 4th response to the trustee regarding documents requested. This begins at page 445 (continuing the number system from the prior productions). It contains roughly 400 pages of documents which we believe to be responsive. I have not redacted social security numbers because of your role as trustee. Before any of these documents would be used in court that would obviously be a necessity.

I am aware that this does not constitute a full response to every document which you have listed, however, more documents are on the way I am insured by the professionals working with my client. We will forward those as we receive them.

With regard to certain of the requests contained in the letter to myself, I make the following observations. These observations are coordinated by number to the original letter.

1. Personal income tax return for 2007 is attached. There are not currently any personal income tax returns for 2008 and 2009. Mr. Schultz owes his accountants Alegria & Company a significant bill and we are working on the filings for those years.
2. None
3. None

EXHIBIT 0

4. Steve Snyder and Craig built the AmericanWest Bank building located at 229 W. Yakima Avenue. They both put money into the project and held as long as term lease holder. Mr. Snyder is now foreclosing on it;
5. None
6. None
7. Mr. Schultz has no annuities;
8. Mr. Schultz no accounts receivable.
9. The 2007 Jeep Wrangler is in the possession of Mr. Schultz.
10. The construction business was shut down July 1, 2009. John Blake was owed in excess of \$50,000 in bonuses and salary. There was not much business or income in late 2008 or in 2009.
11. None
12. See attached.
13. Mr. Schultz doesn't believe he has any.
14. None.
15. See attached
  - a. bank account statements for Schultz Construction Co LLC from 01/01/08 – 02/26/10;
  - b. bank account statements for C. Schultz Personal Investments from 01/01/08-03/05/10;
  - c. bank account statements for R. Craig Schultz personal account from 08/20/09-02/19/10;
  - d. bank account statements for Craig Schultz Properties LLC from 03/31/09-02/26/10
16. None

Once you have had the opportunity to examine the documents, perhaps we can get together and clarify if there are any documents that made you requests.

Very truly yours,

Timothy J.  
Carlson

Digitally signed by Timothy J. Carlson  
DN: cn=Timothy J. Carlson, o=Carlson Boyd & Bailey PLLC,  
ou=Timothy J. Carlson, email=timothyj@carlsonboyd.com, c=US  
Date: 2010.04.14 11:42:17 -0700

Timothy J. Carlson of  
Carlson Boyd & Bailey PLLC

TJC:dt

Enclosures: Trustee Production 04-042910 (Pages 0445-0845)  
C:\Users\carlson\Documents\aaWork\SCHULTZ, C-21015\Bankruptcy-2009005\Correspondence\Culpepper  
042710 (draft ltr w-docs requested).doc

Sent: Friday, April 24, 2009 11:26 AM  
To: Rob Spitzer; Rob Spitzer  
Cc: Craig Schultz  
Subject: Craig Schultz Financial Statement

Rob and Ror

Here is the financial statement (confidential) prepared by the accountants. This is the current and comparison for Craig. I will be in this afternoon. I am scheduled until 2:30. After that I should be able to discuss this matter. I left a voice mail message for Rob this morning.

Tim

---

**Email From:**

Timothy J. Carlson of  
Carlson Boyd & Bailey PLLC  
230 S. 2<sup>nd</sup> St. P.O. 189  
Yakima WA 98907  
(509)-834-6611  
Fax: (509) 834-6610  
Email return: [tcarlson@cbblawfirm.com](mailto:tcarlson@cbblawfirm.com)

**Confidentiality Notice**

This e-mail transmission may contain information which is protected by the attorney-client, work product and/or other privileges. If you are not the intended recipient, you are hereby notified that any disclosure, or taking of any action in reliance on the contents of this message is strictly prohibited. If you have received this transmission in error, please contact us immediately and return any e-mail to us by choosing Reply (or the corresponding function on your e-mail system) and then deleting the e-mail. We thank you advanced for your help and keeping this e-mail confidential. No waiver or compromise of the attorney-client privilege is intended by this communication, to the extent that it was originally intended to be a confidential communication between anyone covered by the attorney-client privilege and their attorney.

IRS Circular 230 Disclaimer: To ensure compliance with requirements imposed by the IRS, we inform you that to the extent this communication contains advice relating to a Federal tax issue, it is not intended or written to be used, and it may not be used, for (i) the purpose of avoiding any penalties that may be imposed on you or any other person or entity under the Internal Revenue Code or (ii) promoting or marketing to another party any transaction or matter addressed herein.

EXHIBIT P





LAW OFFICES  
OF  
VAN CULDEPPER

Telephone (509) 457-2490

Suite 125  
3908 Creekside Loop  
Yakima, Washington 98902

Fax (509) 457-7197

Dated: 2/16/10

Robert H. Schultz  
11083 Summitview Road  
Yakima, WA 98902

Tyler Schultz  
6408 Tieton Drive  
PO Box 2850  
Yakima, WA 98907

Roderick Schultz  
414 Cherry Ridge Court  
Yakima, WA 98908

Re: Westwood West Golf Course, Inc.  
Properties West, Inc.  
Schultz Investment Company, Inc.  
McAllister Field Industrial Park, LLC  
Schultz-Denlea Holdings, LLC  
Any and all other interests of Craig Schultz in any businesses, corporations, or  
LLC's

Dear Sirs:

As you are aware, Craig Schultz has filed for Chapter 7 bankruptcy relief, and I have been appointed as the Trustee to administer Craig's bankruptcy estate for the benefit of his creditors. Pursuant to 11 USC 541, all of Craig's interests and shares in all of the companies in which he had an interest now belong to the bankruptcy estate.

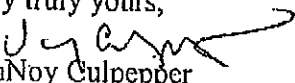
Because the bankruptcy estate holds Craig's interests in all of his shares, any and all disbursements, including dividends and shareholder disbursements, now belong to the bankruptcy estate, as well as any voting rights.

Because the three of you are either the President, Vice-President, Secretary and/or shareholders in the above companies, I am requesting that you change your books and records to reflect that all shares and interests of Craig Schultz now belong to "VanNoy Culpepper, Trustee for the Bankruptcy Estate of Craig Schultz".

**EXHIBIT R**

Thank you for your immediate attention in this matter.

Very truly yours,

  
VanNoy Culpepper

VNC:kar

cc: William Weigand  
Timothy Carlson  
James Hurley